ROUTING AND RECORD SHEET

SUBJECT: (Optional)

Cordesman's Paper on the Defense Intelligence Organization.

FROM:	EXTENSION	NO.
		DATE 26 Apr 77

25X1

25X1

TO: (Officer designation, room number, and building)	DATE		OFFICER'S INITIALS	COMMENTS (Number each comment to show from whom to whom. Draw a line across column after each comment.)
	RECEIVED	FORWARDED		
1. DCI				
2.				*Adm T— Cordesman paper with memorandum comments by IC Staff attached.*
OSD REVIEW COMPLETED. NO OBJECTION TO DECLASSIFICATION AND RELEASE				
4.				
5.				
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CONFIDENTIAL

[77-1076/1]

Deputy to the DCI
for the Intelligence Community

26 APR 1977

NOTE FOR ADMIRAL TURNER

Stan:

Attached is a short critique of Tony
Cordesman's paper on the Defense Intelli-
gence Organization for your scheduled meet-
ing with Cordesman. The paper was done last
December and has been overtaken by Brown's
reorganization plans.

Admiral, USN
D/DCI/IC

25X1

Attachment:
As stated above

CORDESMAN ISSUES ON DEFENSE INTELLIGENCE

o   A RATHER DETAILED TREATMENT OF INTERNAL DOD
    INTELLIGENCE ORGANIZATION

            - Net effect of recommendations would be to
              strengthen ASD(I) at the expense of DIA·
            - CORDESMAN argues that DIA needs to be freed
              from what he views as extraneous duties in order
              to concentrate on substantive intelligence
                  -- DIA would probably argue that these
                     extraneous duties are essential to their
                     control of the resources needed to do
                     the work
            - Many of the recommendations are similar to an
              IC staff study of DIA--which DIA objects to

o   INCLUDED IS A RECOMMENDATION TO ESTABLISH A DEPUTY SECDEF
    FOR OPERATIONS (A BLUE RIBBON PANEL RECOMMENDATION)

            - Basic argument is that DOD needs a Deputy to
              concentrate on Intelligence, but that he doesn't
              have enough to do to justify a full time job--hence
              give him "operations" too
                  -- Action of SecDef Brown to turn in the
                     2nd Deputy slot is contrary to this

o   FINAL SECTION (SECTION IX) DEALS WITH DOD-NATIONAL
    INTERFACE

NOTE:
*He wrote criticism
of IC Staff based
on old Staff
performance. His
comments on page
IX-3 are out of date.*

*He never
talked to me
on this
whole
subject.*

            - Covers same ground as separate Cordesman paper
              on national intelligence organization--previously
              commented on
            - Contains statement (pg IX-3) that DCI planning
              "generates a great deal of intelligence effort
              with no clear user."
                  -- May want to press Tony for specifics here

o   RECOMMEND SCAN
            - Sections I and IX

o   RECOMMEND DISCUSS
            - Does he still think recommendations are current
              in light of recent OSD developments/decisions
            - Comments on Fubrini recommendations
            - Press for specifics on how DCI should play in
              setting more useful requirements

o *Some of his ideas re Defense sound
  ok.*

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Distribution
Orig - DCI w/att
1 - ER w/o att
1 - D/DCI/IC Chrono w/att
1 - C/PAID w/o att
1 - IC Registry w/o att
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Adm Turner

IMPROVING THE ORGANIZATION OF
DEFENSE INTELLIGENCE

ISSUES AND
RECOMMENDATIONS

ANTHONY H. CORDESMAN
CIVILIAN ASSISTANT TO DEPUTY
SECRETARY OF DEFENSE ELLSWORTH

DECEMBER 1976

IMPROVING THE ORGANIZATION OF

DEFENSE INTELLIGENCE

DISCUSSION CONCEPTS

ANTHONY H. CORDESMAN
CIVILIAN ASSISTANT TO DEPUTY
SECRETARY OF DEFENSE ELLSWORTH

REVISED DRAFT
16 DECEMBER 1976

- I N D E X -

I. EXECUTIVE SUMMARY

The future organization of the Defense intelligence community will depend on the priorities of the new President, Secretary of Defense, and Director of Central Intelligence. Some elements of the present organization of the defense intelligence are also under study in ODDI and DIA. Nevertheless, the experience of the last year indicates that further restructuring may be needed to improve the organization and functions of defense intelligence.

The following evaluation examines the major elements of the current defense intelligence organization, and certain critical functions and systems. It sets forth recommendations for reorganization and further study which may merit consideration by the new managers of the defense system.

A. OVERVIEW

The attached report evaluates the success of the new organization of defense intelligence and presents issues and recommendations for discussion purposes.

1. Major Recommendations

The major recommendations discussed include:

-- establishing a Deputy Secretary of Defense for Operations.

-- filling the position of DDI.

-- strengthening the role of the DDI and ODDI and reorganizing the management of the defense intelligence community, so that separate Deputy DDI's are established who manage intelligence production, the development and operation of major systems, and programs and resources. The three essential steps necessary to implement this reform would be to:

-- First, convert DIA into an agency whose sole mission is to conduct and manage intelligence production throughout the defense intelligence community. DIA would then direct all collection, processing, analysis, and dissemination activities involved in intelligence production, but lose its present systems management, support and program and resource functions. DIA would thus cease to be a multi-role agency, and acquire a single mission with a feasible span of management control and responsibility.

-- Second, establish a Deputy Director of defense intelligence for Systems, and rationalize present systems design, management and evaluation staffs under his control.

-- Third, rationalize the Office of the Deputy DDI for Programs and Resources to include resource management functions now located in DIA and the other major elements of defense intelligence, and create a strong program evaluation section capable of conducting defense intelligence wide trade-off analysis.

2. Related Changes in DIA

Other changes are also recommended in DIA:

-- creating a Deputy to the Director of DIA with line authority over the current Vice Directors.

-- fully separating the DIA Deputy Directorates for Current Intelligence (DN) and Intelligence Research (DB), and making DN an I&W and crisis management support staff with full authority over a formally chartered defense I&W system.

-- combining the Deputy Directorates for Estimates (DE) and Intelligence Research (DB) and creating a new Deputy Directorate to provide analytic support for major policy issues.

-- redefining and strengthening the role and authority of the DIA Deputy Directorate for Science and Technology (DT).

-- establishing a Support Office or Deputy Director specifically tasked with improving intelligence support to the Unified and Specified Commands.

-- establishing an OSD Support Office.

-- expanding the tasking authority of DIA over NSA and the other defense intelligence collection agencies, and organizations.

-- establishing a Vice Director of DIA for Collection to exercise this enhanced tasking authority.

3. Changes in the Collection Effort

Study is recommended of the current structure of the defense intelligence collection effort, and of the balance between collection, processing, and production. Specific areas of concern are:

I-2

-- the need to bring defense collection entities under tighter control, possibly by appointing a new Deputy DDI for Collection over a single defense intelligence collection agency, or separate Deputy DDIs for SIGINT and PHOTINT over NSA and current reconnaissance entities.

-- The need to re-examine the trend towards centralization of defense collection assets, and whether the capabilities of the Unified and Specified Commands should now be enhanced.

-- the need for improved management of the development of tactical and intelligence-related systems.

4. Role of the Unified and Specified Command and the Services

Study is also recommended of the intelligence structure support-ing the Unified and Specified Commands, the Services, and tactical commanders. There may be significant reasons why the intelligence assets of the Commands should be increased, and why the Commands should be delegated a more substan-tive role in intelligence production. The integration of intelligence and intelligence related systems at the tactical level needs similar study, as do options for delegating more service-oriented intelligence functions back to the individual Services.

5. Changes in the Management Operations of the Defense Intelligence Community

The following changes are recommended in the operations of the Defense intelligence community:

-- Reorganize the resource and systems management structure of ODDI (Section II).

-- Charter DIA as the manager of a formal defense indications and warning system (Section III).

-- Reorganize the personnel and career development structure of DIA and the defense intelligence community (Section III).

-- Establish an effective defense intelligence planning, pro-gramming, and budgeting cycle (Section VII).

-- Establish an effective production planning system (Section VII).

-- Improve the defense intelligence ADP system (Section VII).

I-3

-- Expand the introduction of the use of net intelligence assessment, regional analysis, and large scale integrative analysis (Section VII).

-- Carry out full scale "market research" analysis to establish an effective operational interface between intelligence users and producers (Section VII).

6. National and Defense Intelligence Interface

Study is also recommended of certain critical aspects of the national and defense intelligence interface:

-- Defense intelligence capability to meet the additional needs of the NCA and non-defense users in crisis or war.

-- The need for a better structured national indications and warning system.

-- The need for a better organized user effort to task national intelligence production affecting defense resources.

-- The need for improved DCI efforts to design a national intelligence planning cycle, and to develop national priorities and goals affecting the defense intelligence effort.

B. THE ROLE OF THE DEPUTY SECRETARY

There is a need for a Deputy Secretary who is directly concerned with intelligence. At the same time, however, it is questionable whether a Deputy Secretary should be concerned with intelligence for more than half of his time. This raises the issue of implementing the Blue Ribbon Panel recommendations and creating a Deputy Secretary for Operations.

Such a Deputy Secretary would still have the time available to shape the overall modernization of defense intelligence, but would also have the additional responsibilities necessary to justify the existence of two Deputy Secretaries. He would also have the broad authority and functions lacking in proposals to create a number of Under Secretaries.

C. OTHER MAJOR CHANGES IN THE STRUCTURE

The creation of the office of the Director of Defense Intelligence, with line authority over all elements of the defense intelligence community, is an essential first step in giving defense intelligence coherent management. Defense intelligence is not yet organized effectively, however, and has suffered from the fact that the position of Director of Defense Intelligence (DDI) was left vacant. Accordingly, several major recommendations are made for improving the organization and operation of defense intelligence.

I-4

1. Director of Defense Intelligence/ASD(Intelligence)

The now vacant position of Director of Defense Intelligence should be filled as soon as possible. The business of defense intelligence must have a clear full time leader who will make basic policy decisions on substantive, organizational, and resource priorities.

2. Principal Deputy ODDI

The position of Principal Deputy ODDI is functioning well, and will still be essential when a DDI is appointed. Further, the Principal Deputy must be a prima inter pares so that the various elements of defense intelligence have one working level decision maker who is clearly in charge.

3. Performance Evaluation Staff (PES)

Consideration should be given to using the PES as an evaluation staff for those issues which require independent study by the DDI and his Principal Deputy. The PES might also be used to staff major issue papers for the Defense Intelligence Board (DIB) or an expanded Defense Operations and Intelligence Board.

4. Defense Intelligence Board (DIB) and Panels

The Defense Intelligence Board should be restructured as a Defense Operations and Intelligence Board or DOIB. Other recommendations include:

-- giving the Board a major advisory role to the Deputy Secretary of Defense to expand it from a consultative or discussion-oriented forum to an advisory body focused on major issues, policy and guidance.

-- consolidating the present three User, Resources and Producers panels in one Executive Panel.

-- concentrating all basic staff work in the office of the Executive Secretary.

-- Concentrating the effort of the DIB on a few key issues proposed by the Deputy Secretary or indiivdual members.

-- continuing the DIB review of major substantive issues.

5. The Need to Revise the Role and Function of the Other Deputy Directors of Defense Intelligence

The most significant changes required in ODDI are the need to provide a better management structure of production, resources, and systems.

The present structure blurs lines of responsibility throughout the defense intelligence effort. It forces many component elements into duplicative work efforts, and it ensures that considerable conflict takes place among subordinate staffs. It leaves systems management critically weak, it fails to support a basis for effective resource trade-offs between major elements of the defense intelligence community, and it ties the production function to so many other management functions that its leadership cannot concentrate on the critical task of improving intelligence quality.

Three major reforms are necessary to provide the required improvements in management:

a. The Role of the Deputy Director for Production/Director, DIA

DIA currently is forced to act as a multi-role agency which carries out systems management, common support, and program and resource functions, in addition to its basic mission of managing intelligence production from collection to dissemination. Many of these functions and responsibilities are duplicated elswhere in ODDI and the defense intelligence community.

The result is an impossible span of control for DIA, without clear lines of responsibility. DIA cannot concentrate on improving its performance in carrying out its basic mission of production, and suffers from criticism and resource cuts that are the result of problems in systems, resources, and support management for which it cannot fairly be blamed.

DIA should be reorganized so that it is a production agency whose sole mission is to manage and conduct intelligence production throughout the defense intelligence community. Its control over defense wide collection, processing, analysis, and dissemination functions should be strengthened; and its present systems management, program and resource management, personnel, and common support functions which should be transferred to other specialized Deputy Directorates within ODDI.

b. The Role of the Deputy Director for Programs and Resources Deputy DDI (P&R)

Second, the Office of the Deputy Director for Programs and Resources should be rationalized and restructured. The basic functions of the Deputy Director for Programs and Resources should remain unchanged. He should, however, be given expanded responsibility over DIA and the rest of the defense intelligence community. Specifically, most of DIA's current resource, personnel, and management support staffs should be rationalized and made part of the staff of the Deputy DDI (P&R).

This reform would make the Deputy DDI(P&R) the resource manager for defense intelligence and give him the strength to make the community wide trade-offs and program plans which are impossible under the current organization.

To organize this role, appropriately, however, the Deputy DDI(P&R) should lose his systems management and development functions and have them replaced with a strong program evaluation team.

Finally, such reform will allow the Deputy DDI(P&R) to deal with career development on a defense intelligence-wide basis, and end the present compartmentation in career development and career patterns between different defense intelligence organizations.

c. The Need for a Deputy DDI (Systems Management)

Third, all major systems design and management functions, and common support and processing functions, would be brought together under a new DDI for Systems Management.

The current system, even with the addition of an "intelligence architect," will not be strong enough to perform the critical defense-wide management function of designing, implementing, and improving major collection, processing, and I&W systems, or to manage intelligence-related systems as mandated by Congress.

Accordingly, the new Deputy Director for Systems Management should acquire the present systems responsibility and functions of DIA and ODDI(P&R), and possibly those of other elements of the defense intelligence community as well. He would be the systems manager for all of defense intelligence and intelligence-related systems, and would make systems trade-offs as the ODDI(P&R) would make resource and program trade-offs. He would also assume full development, management, and evaluation responsibility subject to the obvious checks and balances of having to meet the needs of the Director of DIA, and conform to the program management and evaluation of the Deputy DDI(P&R).

It will also be necessary to develop a strong evaluation staff and this will require outside expertise. It is essential that this evaluation staff be dominated by a management expert and staffed primarily by non-technical management experts.

6. Defense Intelligence Support Agency

Consideration should also be given to establishing a Defense Intelligence Support Agency to manage the provision of common services to the defense intelligence community. Such an agency would provide continuity and flexibility in hiring expert personnel, place common service activities on the proper organizational level, and help to reduce or eliminate duplication of function within the individual defense intelligence agencies.

Such an agency might be placed under the line authority of the new Deputy Director of DDI for Systems Management.

I-7

7. Deputy DDIs for PHOTINT and SIGINT

    A final, more radical, option might also be considered. The recommendations made in Sections V and VI would create a Vice Director in DIA for Collection and give him enhanced authority over defense intelligence collection efforts. The strenghtened Deputy DDIs for Programs and Resources, and Systems Management, would also help to bring the collection effort under full management control.

    It might be desirable, however, to go further. There are two major options for such action.

    -- Place the defense-wide SIGINT and PHOTINT effort under a separate "Deputy Director of DDI (PHOTINT), and Deputy Director of DDI (SIGINT)". This would clearly end the semi-autonomous status of the current collection organizations, and place them fully under the DDI.

    -- Create a single Deputy Director of DDI (Collection Management). This would end the compartmentation of SIGINT and PHOTINT into separately managed streams of effort.

    The problems inherent in such proposals need careful study and are discussed in more depth in Sections V, VI, and IX.

8. Management Flow and Checks and Balances

    The recommended pattern of reorganization would create three interacting flows of management activity -- production systems, and resource management -- under strong central direction with enhanced authority over NSA and the national reconnaissance entities.

I-8

II.

ROLE OF THE
DEPUTY SECRETARY

II. THE ROLE OF THE DEPUTY SECRETARY

There is a need for a Deputy Secretary who directly concerns himself with intelligence.

     -- The exact role of the DCI and Secretary of Defense in managing defense intelligence will take several years to evolve. Given the vital nature of defense intelligence to defense planning and operations, DoD must have a voice of near equal rank to the DCI.

     -- Defense intelligence is a multi-billion dollar business serving both civilian and military users. It has not been managed as such in the past, and the attention of a Deputy Secretary is needed until the management structure of defense intelligence is fully reformed.

     -- Defense intelligence has not suffered from major abuses of civil or legal rights. It is essential, however, that it be brought under firm central authority to demonstrate that it is properly under control, and that no such abuses can occur because of compartmentation within the defense effort.

     -- The Congress is rightly concerned with quality of defense intelli-gence management and production. This concern is now moving from questioning of the role of defense intelligence to detailed Committee concern with efficiency, capability, and resource management. The attention of a Deputy Secretary is needed to develop the proper interface with the Congress.

     -- The regular bureaucratic process has not proved adequate in catalyzing intelligence to respond effectively to major policy needs, and requires high level direction to ensure key policy needs are properly met, and that a suitable dialogue takes place between high level users and producers in shaping the intelligence effort.

At the same time, however, it is questionable whether a Deputy Secretary should be concerned with intelligence for more than half of his time. This raises the issue of implementing the Blue Ribbon Panel recommendations and creating a Deputy Secretary for Operations. Such a Deputy Secretary would still have the time available to shape the overall modernization qf defense intelligence, but would also have the additional responsibilities necessary to justify the existence of two Deputy Secretaries. He would also have the broad authority and functions lacking in proposals to create a number of Under Secretaries.

Further, the actual work of the Deputy Secretary's office, and of the Defense Intelligence Board, have indicated that intelligence and operations

are closely linked, and that improvement of defense intelligence should be part of the overall improvement of operational planning. There is a real functional link between ISA, OSD(NA), DTACCS, the OJCS, and defense intelligence that might logically be brought under the authority of a Deputy Secretary.

It is recommended, therefore, that the role of the second Deputy Secretary be expanded to become that of Deputy Secretary of Defense for Operations. Alternatively, the urgent priority for a Deputy Secretary who concentrates on intelligence has ended, and the intelligence role alone could be performed by filling the position of Director of Defense Intelligence.

III. ODDI

III. THE OFFICE OF THE DIRECTOR OF DEFENSE INTELLIGENCE

The creation of the office of the Director of Defense Intelligence, with line authority over all elements of the defense intelligence community, is an essential first step in giving defense intelligence coherent management.

Defense intelligence is not yet organized effectively, however, and more needs to be done. Above all, the position of Director of Defense Intelligence (DDI) needs to be filled, and the Office of the Director of Defense Intelligence (ODDI) needs to be restructured on a more functional basis, and with clearer lines of authority and responsibility.

Accordingly, several major recommendations are made for improving the organization and operation of ODDI:

A. THE DIRECTOR OF DEFENSE INTELLIGENCE/ASD(INTELLIGENCE)

The office of the DDI/ASD(I) must not continue to be left vacant. A Deputy Secretary should not concern himself with the detailed management tasks involved, but a Principal Deputy lacks the authority necessary to bring all of the different strands of the Defense Intelligence Community together. The business of defense intelligence must have a clear full-time leader who will make basic policy decisions on substantive, organizational, and resource priorities.

Consideration should also be given to structuring this job so that it could be filled by a senior military officer. This might be accomplished by separating the role of DDI from that of Assistant Secretary. This would permit making the DDI a four star officer where appropriate. Alternatively, a senior officer might be appointed by permitting him to resign while holding the position. This has worked successfully in the British system. It should be understood, however, that there are probably both legal and political obstacles which would need to be overcome in making the DDI a military billet and creating an additional four-star billet for this purpose.

B. PRINCIPAL DEPUTY ODDI

This job is functioning well, and will still be essential when a DDI is appointed. The coordinating role of the Principal Deputy in CFI matters is of critical value. It would be desirable to extend this authority to major substantive issues if the CFI can be suitably reformed.

Further, the Principal Deputy must be a prima inter pares so that the various elements of defense intelligence have one working level decision-maker who is clearly in charge. The Principal Deputy should be a career professional, subject to change if required. He should act for the DDI to integrate production, systems, and resource management, and should carry the brunt of routine decision-making.

C. PERFORMANCE EVALUATION STAFF (PES)

This function is only now becoming fully operational. A work plan and set of procedures has been reviewed and approved by the Principal Deputy of DDI. The most serious problem in PES operations is, however, the problem of setting work priorities. Only a limited part of the PES effort should be self-initiated. Improved work guidance is required from the DSD or DDI.

Accordingly, consideration should be given to using the PES as an evaluation staff for those issues which require independent study by the DDI and his Principal Deputy. The PES might also be used to staff major issue papers for the Defense Intelligence Board (DIB) or an expanded Defense Operations and Intelligence Board.

D. DEFENSE INTELLIGENCE BOARD (DIB) AND PANELS

While the Defense Intelligence Board and its Panels have been useful, significant changes may be needed in their organization, function, and staffing. Detailed suggestions are presented in the report being prepared for the Secretary.

The most important of these suggestions is that the Defense Intelligence Board should be restructured as a Defense Operations and Intelligence Board or DOIB. This would recognize the fact that intelligence and operations are equal partners in improving the intelligence process, and in improving the use that operations and plans make of intelligence inputs.

While such a Board should be driven by the needs of the users, it should not have the effect of subordinating intelligence to operations. Both OJCS and DIA are now represented on the Board, but consideration should be given to making the Service Under-Secretaries the DOIB members, and not the service DCSOPS.

Other recommendations include:

-- giving the Board a major advisory role to the Deputy Secretary of Defense to expand it from a consultative or discussion-oriented forum to an advisory body focused on major issues, policy and guidance.

-- abolishing the present three User, Resources and Producers Panels, and consolidating them in one Executive Panel. This would minimize staff work, and additional expertise could be provided by the PES or ad hoc groups of experts.

-- concentrating all basic staff work in the office of the Executive Secretary. Members would then review and comment on a single action-oriented paper, prepared by the Executive Secretary or a member, and coordinated as appropriate before review by principals.

-- concentrating the effort of the DIB on a few key issues
proposed either by the Deputy Secretary or individual members.

-- shaping the level of activity of the Board to match the need
for Board action or review, and eliminating formal work programs or
schedules.

-- continuing the DIB review of major substantive issues so
that a high level dialogue can take place between users and producers,
and bypass the rigidities of bureaucratic attempts at shaping major
policy related intelligence efforts.

There seems to be a general consensus of the members of the
present DIB that such changes could greatly improve its value to members and
effectiveness.

E. THE NEED TO REVISE THE ROLE AND FUNCTION OF THE OTHER DEPUTY
    DIRECTORS OF DEFENSE INTELLIGENCE

The most significant changes required in ODDI are the need to
provide a better management structure for production, resources, and systems.
The present structure blurs lines of responsibility throughout the defense
intelligence effort. It forces many component elements into duplicative
work efforts, and it ensures that considerable conflict takes place among
subordinate staffs.

It leaves systems management critically weak, it fails to provide
a basis for effective resource trade-offs between major elements of the
defense intelligence community, and it ties the production function to so
many other management functions that its leadership cannot concentrate on
the critical task of improving intelligence quality.

Three major reforms are necessary to correct this situation:

1. Reform One: Making DIA into a Production Agency and Changing
    the Role of the Deputy DDI for Production/Director of DIA

One of the concepts considered in structuring the present re-
organization was transforming DIA into a production agency. DIA's sole
function would then be to direct all aspects of def-nse intelligence pro-
duction from collection to dissemination, and its multiple roles in resource
and systems management would be eliminated.

There are several reasons why this idea should now be implemented:

-- rationalization of host of DIA's resource functions under the
Deputy DDI(P&R), and its systems and planning functions under a
Deputy DDI for Systems Management, would allow DIA to be efficiently
restructured so that its sole function was to produce the best
possible intelligence product.

III-3

-- the dual organization of DIA into a Vice Directorate for
Plans, Operations and Support; and a Vice Directorate for Production,
leaves DIA with an uneasy dualism of function that inevitably creates
a thick layer of coordinating bureaucracy and of functions which
have nothing to do with intelligence production. It also creates an
impossible span of control for the Director of DIA, and places
duplicative management and resource functions at the wrong ranks to
achieve effective change improvement.

-- DIA is now tasked and judged by so many different criteria
that its key purpose -- service to users -- is constantly subordinated
to review of resource decisions, systems development, and other
"inputs."

-- the creation of a DIA building would make sense if all production
functions were concentrated in it, and if all senior production
management were placed in one location. This would allow DIA to
become a strong central production agency for the first time in its
history. If it retains its current functions, however, it is going
to greatly increase the bureaucratic coordination problem.

-- in practical terms, it is not now possible to rationalize or
utilize DIA manpower effectively because too many disparate functions are
under one roof. Vague or indefinite "management" functions exist which
may well be necessary, but which cannot really be audited efficiently.
There is no "flow" or "logic" to the structure.

-- the splintered responsibilities of the Director of DIA make
it difficult for him to properly concentrate on his policy and
planning support, NCA, and J-2 functions. In the Washington
environment, dollar and R&D decisions tend to dominate the senior
manager's time even when the impact of the decisions involved is
relatively trivial. The Director of DIA needs to be de-coupled from
as many such actions as possible.

-- It is recommended later in this report that DIA be given much
stronger tasking control over defense intelligence PHOTINT and
SIGINT functions, and be made the manager of a worldwide defense I&W
or current intelligence system. The Director of DIA could not absorb
such responsibilities with his present division of functions.

-- DIA has become a "whipping boy" because of the problems in
both its management and production activities. It has been sharply
cut, and even threatened with abolition, because it cannot put its
house in order. This has had the effect of penalizing the analytic effort
through cuts in analytic staffs; and through resource trade-offs which
have constantly had to be made to try to fix overall management,
processing, and systems problems which have immediate dollar or
Congressional visibility. This creates an impossible situation. DIA
cannot solve the production quality problem--which is its critical
function--because it is constantly losing resources to functions with
less importance.

The current organization gives DIA role and structure that is unworkable, and forces it to take the blame for problems over which it has no adequate authority or control.

Giving DIA the management and generation of production on a defense-wide basis as its sole mission would allow its Director to focus on the key activity of the defense intelligence community: proving the quality and responsiveness of the intelligence provided to consumers. It would allow DIA to be judged solely on the basis of the quality of intelligence collection, processing, analysis, and dissemination, and to defend its need for resources on clear and specific grounds. It would allow DIA to concentrate more on ensuring that collection activities and priorities reflect the overall needs of defense intelligence and are fully integrated into production, and on ensuring that the specialized expertise of the Unified and Specified Commands, and the military Services is fully used through delegated production.

It would also allow DIA to begin to come to grips with the difficult problem of developing adequate production management and quality improvement techniques. As is noted in Sections IV, VI and VII.B., DIA now lacks even the minimal documentation and software for effective production management. It is not well structured internally for effective production, and needs new staff capabilities to support urgent policy needs and strategic planning. It also has never really addressed the issue of delegating substantive intelligence production -- as distinguished from routine data base or order of battle functions -- to the Services and Commands. It does not exert suitable control over what is collected, and lacks the management tools and authority to establish a proper balance between collection and production.

This situation can only be altered through a slow process of evolution. Some specific recommendations are made in Section VII.B., and Annex A, but DIA can only determine what needs to be done through an empirical process of trial and error. DIA will never have the time or resource priorities to do this properly as long as it must cope with a myriad of budget, systems, and support issues, and rely on an internal personnel and career development system which deprives it of the talent it needs.

2. Reform Two: Restructuring and Expanding the Role of the Deputy Director for Programs and Resources (Deputy DDI(P&R)

The basic functions of the Deputy Director for Programs and Resources should remain unchanged. He should, however, be given expanded responsibility over DIA and the rest of the defense intelligence community. Specifically, most of DIA's current resource, personnel, and management support staffs should be rationalized and made part of the staff of the Deputy DDI(P&R).

Significant personnel reductions should be possible, and would free billets to improve the production and systems efforts. Similar transfers of resource managers may be possible from some of the major defense intelligence collection organizations, but this needs further study (See Section V).

This reform would make the Deputy DDI(P&R) the resource manager for defense intelligence and give him the strength to make the community wide trade-offs and program plans which are impossible under the current organization.

To organize this role, appropriately, however, the Deputy DDI(P&R) should lose his systems management and development functions and have them replaced with a strong program evaluation team. This team could formulate and evaluate options for defense intelligence-wide resource trade-offs. This will require additional systems analysis and management expertise from outside the intelligence community. It is, however, a critical reform, and essential to improving the management of defense collection agencies, and the balance between collection, processing and production.

Such reorganization and restaffing would also help to deal with one of the major problems in the current structure of defense intelligence. While defense intelligence is a multi-billion dollar business, it is still largely run by staffs who come up from the ranks with little real business or large scale management experience. Further, the defense intelligence system does little to train or develop suitable management talents, except for certain of the collection agencies.

No process of reform could suddenly improve this level of management capability throughout the defense intelligence community. Accordingly, the centralization of resource management in the Deputy DDI(P&R) should be accompanied by a shift in its personnel, and efforts at recruiting outside talent, which would provide the right talents in the most critical place. Hopefully, this will provide both an immediate improvement in management talent, and develop a cadre of promotable experts who can gradually take over key slots elsewhere in the defense intelligence community.

III-6

Finally, such reform will allow the Deputy (DDI(P&R) to deal with career development on a defense intelligence-wide basis, and end the present compartmentation in career development and career patterns between different defense intelligence organizations.

The present division of personnel planning into many different organizational efforts enforces career parochialism, and makes it difficult to use the defense intelligence talent pool efficiently. It also tends to freeze personnel in inappropriate slots because of the difficulty of giving them system wide career mobility, and it sub-optimizes training resources and grade structure in specific offices or functions. Ending this situation, and developing a suitable broad scale training program in cooperation with the other Deputy Directors, is an essential step in improving overall personnel quality and making the new system work.

3. Reform Three: Establishing a Deputy DDI (Systems Management)

The third reform would be to bring together all major systems design and management functions under a new DDI for Systems Management.

The current system, even with the addition of an "intelligence architect," will not be strong enough to perform the critical defense-wide management function of designing, implementing, and improving major collection, processing, and I&W systems, and manage intelligence-related systems as mandated by Congress.

Further, such system functions are now uneasily divided between DIA and ODDI(P&R). No one is really in charge. No one has the rank equivalent to the function and the resources involved. The efforts of current managers are constantly frustrated by the fact that no one has real authority, and by the fact the management hierarchy does not permit the staff grade structure and authority necessary to get the talent required.

Again, this situation reflects the fact that the management of defense intelligence has evolved in compartments, and largely as if intelligence was not a multi-billion dollar "business". Only the defense intelligence collectors have been partially successful in modernizing their systems management, and this very success has had the impact of skewing the overall systems effort towards collection and processing at the expense of effective production. (See Section V.)

Accordingly, the new Deputy Director for Systems Manager would acquire the present systems responsibility and functions of DIA and ODDI(P&R), and possibly those of other elements of the defense intelligence community as well. He would be _the_ systems manager for all of defense intelligence and intelligence-related systems, and would make systems trade-offs as the ODDI (P&R) would make resource and program trade-offs. He would also assume full development, management, and evaluation responsibility subject to the obvious checks and balances of having to meet the needs of the Director of DIA, and conform to the program management and evaluation of the Deputy DDI (P&R).

III-7

It will also be necessary to develop a strong evaluation staff and this will require outside expertise. It is essential that this evaluation staff be dominated by a management expert and staffed primarily by non-technical management experts.

The past organization has tended to make systems development a technology "hobby shop". It has driven defense intelligence resources into technology and away from manpower and analytic capabilities. This has put too many resources into centralized collection systems that do work, and into central processing systems and analytic aids that do not.

The reorganization earlier this year reduced this problem, and followed the trend of most of private industry in putting systems under managers rather than technologists, but needs to be more fully implemented.

Some members of the defense intelligence community have noted that such checks and balances may be difficult, and suggested that it is the individual producer or user who should control the development of his systems. This, however, has been the major weakness of past defense intelligence management. It leads to constant sub-optimization of individual sub-systems at the expense of overall capability, and it leaves no one in charge and no one responsible. Such a management approach makes it impossible to enforce overall system coherence and integration, and leads to implementation of "pet projects"--often at great cost--throughout defense intelligence. It makes cost-effective management of ADP, and standardization, equally impossible. It is not a valid management option; it is fundamentally unworkable.

F. DEFENSE INTELLIGENCE SUPPORT AGENCY

Consideration should also be given to establishing a Defense Intelligence Support Agency to manage the provision of common services to defense intelligence community. Such an Agency would provide continuity and flexibility in hiring expert personnel, place common service activities on the proper organizational level, and help to reduce or eliminate duplication of function within the individual defense intelligence agencies.

Such an agency might be placed under the line authority of the new Deputy Director of DDI for Systems Management. Similar management structures have proved successful elsewhere in the Department of Defense, and might do much to rationalize current processing, ADP, communications, I&W, reference services, printing, and other common user functions.

It would also provide a means of staffing expert designers, architects, and expert program evaluators in the same staff as the actual system managers. The present system makes it difficult to hire and fire such expertise, and compartments design, operations and evaluation.

III-8

G. DEPUTY DDIs FOR PHOTINT AND SIGINT

A final, more radical, option might also be considered. The recommendations made in Sections V and VI would create a Vice Director in DIA for Collection and give him enhanced authority over defense intelligence collection efforts. The strengthened Deputy DDIs for Programs and Resources, and Systems Management, would also help to bring the collection effort under full management control.

It might be desirable, however, to go further. There are to major options for such action.

-- place the defense-wide SIGINT and PHOTINT effort under a separate "Deputy Director of DDI (PHOTINT), and Deputy Director of DDI (SIGINT)". This would clearly end the semi-autonomous status of the current collection organizations, and place them fully under the DDI.

-- create a single Deputy Director of DDI (Collection Management). This would end the compartmentation of SIGINT and PHOTINT into separately managed streams of effort.

The problems inherent in such proposals need careful study and are discussed in more depth in Sections V, VI and IX. It is essential that any such reform should not be regarded as an endorsement of further centralization of collection assets. Study urgently needs made of the impact of past centralization on the Unified and Specified Commands and tactical commanders.

Putting NSA and the defense reconnaissance activities under one or separate DDIs might, however, place defense collection under central defense management and give the DCI a clear point of contact in the DDI for implementing management guidance on national collection priorities.

H. MANAGEMENT FLOW AND CHECKS AND BALANCES

The recommended pattern of reorganization would create three interacting flows of management activity--production systems, and resource management--under strong central direction with enhanced authority over NSA and the national reconnaissance entitles.

It would rationalize management and staff activity by function, and make managers clearly responsible for activity within a proper span of control. It would set up a strong program evaluation capability throughout defense intelligence, and this would provide proper checks and balances without duplication of function or responsibility.

III-9

IV. DIA

IV. THE DEFENSE INTELLIGENCE AGENCY

DIA is providing a better product in many key areas of production. It has improved the responsiveness of its current intelligence efforts to consumers, and has made significant improvements in the defense intelligence indications and warning effort. It has pioneered some impressive new uses of analysis during the last year, and Defense Estimates (DE) is now studying how it can make a concerted approach to improving its analytic techniques. There have also been important improvements in the quality of science and technology reporting on the threat, and in the use of operations research by the S&T intelligence community.

Nevertheless, this process has been piecemeal, and more needs to be done to improve the quality of the defense intelligence product. Three fundamental organizational changes in DIA have been suggested to achieve this goal:

-- transform the DIA into an agency whose sole mission is managing and conducting intelligence production and who would direct all relevant collection processing analysis, and dissemination activities for the defense intelligence community. DIA would then cease to be a multi-role staff.

-- strengthen DIA's production management authority over the defense intelligence community as a whole.

-- give DIA a role and mission, and span of control, that will allow its Director to function successfully.

The following recommendations would make further improvements in the organization and operations of DIA. Most could be implemented even if it does not prove possible to make major reforms in the organization of ODDI.

A. THE QUALITY OF PERSONNEL: DIA'S MOST CRITICAL IMPROVEMENT PRIORITY

The most critical priority for improving the operations of DIA is its personnel. Major problems in manpower numbers and manpower quality now limit the freedom of the Director of DIA to take advantage of any improvement in DIA's role and mission or organization:

1. The Problem of Manpower Numbers

DIA has suffered from a steady attrition of its total manpower during the last five years. This attrition has resulted from a mixture of general downward trends in defense manpower, and from specific cuts in DIA which stemmed from Congressional and OSD dissatisfaction with DIA's performance.

The result is that the Director of DIA now has little real flexibility in implementing change. He is burdened with a large cadre of management and analytic personnel who are not adequate for their current

positions, or who have never been given proper training. He is constrained by civil service regulations and military career patterns from making really effective changes in such personnel, and from hiring or selecting the outside talent he needs.

Further, continuing DoD personnel cuts and the threat of additional Congressional reductions, place the Director of DIA in a position where he cannot get the "slack" in total personnel numbers to establish new functions or hire new talent and capabilities. No increments are available to provide such slack, and the Director cannot get it by "hiring and firing" civilian or military personnel efficiently under present constraints and regulations. This forces him into a bureaucratic paradox. He cannot make the reforms he needs to demonstrate progress without more and better manpower, but he cannot defend his present manpower level convincingly without such reforms.

Accordingly, Congressional frustration with DIA which takes the form of personnel cuts, plus the general downward trend in DoD personnel, now block the improvement of DIA. A major effort is needed to make the Congress aware of this, channel DoD reductions to other elements of defense intelligence, reform flexibility in "hire and fire" capability, and give DIA a period of grace.

Further, ODDI should act to allow personnel trade-offs to be made from other elements of defense intelligence which will give DIA the new staff elements and expertise it needs while a sound basis is established for reducing lower quality staff. In this case, effectiveness is more important than economy. DIA needs to be fixed first, and not pressured into trying to do more and better with less.

2. The Quality of Leadership and Analysis

DIA now lacks a sound cadre of high quality senior military and civilian managers. Far too many of its personnel have come up through a system that never properly trained them and never really managed their career development. Many have gone up simply because they endured. The result is not the fault of these personnel, but it is not a sound basis for effective management and operations.

DIA has also suffered from the tendency to fund hardware rather than career development. It lacks the ability to train and reward high quality personnel that has been granted to CIA and the defense intelligence collection organizations.

Although DIA should be the essential core of defense intelligence, it has never been treated as such in managing the career development of either DIA's analysts or managers. The central importance of DIA must now be properly recognized. Suitable major improvements are needed in training and career development efforts and funding. Slack is needed in total personnel numbers to release personnel for career training. And, a major effort is needed to develop new training and recruitment methods to obtain properly skilled managers and analysts.

3. Personnel as a Defense Intelligence Wide Issue

Establishing a strong ODDI (Programs and Resources) should make shifting personnel management from an agency-by-agency basis to a defense intelligence-wide system   one of its critical functions. DIA should not be limited in its efforts to become the best intelligence agency by internal shifting of 4,300 personnel. ODDI should be trying to create the best possible overall capability by adjustments in its total manpower pool of some 50,000.

More flexibility in personnel transfers within all of the defense intelligence community is needed to give DIA priority and furnish alternative career paths to competent personnel who are not quite competent enough for DIA.

4. Personnel as a National Intelligence Issue

DIA should not have an inferior grade structure, rate of promotion or flexibility in personnel selection and retention to NSA, CIA and the IC Staff. Such restrictions now sharply limit what DIA can do to improve its quality. For example, DIA now has far fewer supergrade promotion opportunities than CIA. Study is urgently needed to determine how DIA's ability to recruit and reward top quality leaders can be made equal to that of other members of the Intelligence Community.

B. INTERNAL CHANGES IN ORGANIZATION AND FUNCTION

Changing the role of DIA to that of a production agency, and giving it the basic tools to improve the quality of its leaders and analysts, has priority over detailed changes to DIA's internal organization. Nevertheless, steps need to be taken to complete the reorganization begun in 1976, and to strengthen DIA's role in managing the production efforts of the entire defense intelligence community. Most of the suggested changes would be of benefit, regardless of whether DIA were converted to a purely production agency.

1. Deputy to the Director

The current Vice Directorates are too divided in function to provide for easy coordination and management. At the same time, the Director of DIA must spend much of his time in functions outside DIA. A Deputy Director is needed who would be the full-time manager, and who would rank both Vice Directors. This requirement for a Deputy, as alter ego to the Director, would persist if DIA were limited to production functions alone.

2. Vice Director for Collection Management

Defense intelligence needs a strong central collection manager which can put the substantive SIGINT, HUMINT and PHOTINT effort under a single senior tasking authority, and who can make adequate trade-offs between the tasking of all collection systems.

IV-3

This official should be subordinate to the Director of DIA to ensure that collection is directed by production. Such a position might require downgrading of the role of the Director of NSA, and of the national reconnaissance entities.

It might also require consolidation of certain SIGINT and PHOTINT management staffs, and expansion of the Collection Coordination Facility (CCF) (See Below). This seems the only feasible way to bring the various pieces of the collection effort together under tight central defense management capable of trade-offs within the collection effort, and placed where the Director of DIA could make decisions regarding the balance of collection, processing, and analysis within the production effort.

The Collection Coordination Facility (CCF), however, should be placed under the control of the National Military Command Center (NMIC) and the overall direction of the Vice Director of DIA for Production for operational purposes. The Vice Director for Collection should concentrate on improving the overall quality and coordination of collection support of production, examining new methods or approaches to obtaining and using collection, and improving methods of tasking and fusion. This role is discussed in more detail in Section V.

3. Giving the Deputy Director for Current Intelligence (DN)
Enhanced Authority and Control of a Formal Defense Intelligence
Current Intelligence and Indications and Warning System

Serious consideration should be given to strengthening the staff and role of the Deputy Director of current intelligence and dividing its role and functions more sharply from those of the Deputy Directorate for Intelligence Research (DB).

a. Strengthening the Independent Role of the Deputy Directorate
for Current Intelligence

The current close links between DN and DB can be rationalized on the ground there is overlap between their functions, and that DN must draw on DB personnel for some of its tasks. At the same time, however, there are good reasons for fully splitting the two organizations.

-- DN needs its own specialized and professional cadres. The watch and I&W functions need special emphasis, and DN personnel should be given special training and organization.

-- DN and the NMIC are dependent upon a range of complex systems and ADP aids which involve special management, design, and training responsibilities. Expanding DN seems justified in terms of this function.

-- DN and DB are physically split now, and the situation will grow much worse when DB is located in the DIB building. DIN should be able to operate without DB support.

IV-4

-- The DN/NMIC function is critical to defense operations, it merits the upgrading of the NCA, and role of DIA as J-2.

-- DB now tends to be forced into the role of writing analytic intelligence at the expense of I&W and watch functions. There are some elements of a pressure to publish in areas where the result has limited value and detracts from focusing on critical recent intelligence or trends.

b. The Need for a Designated Manager of the Defense I&W Function

Most significantly, DN is the cadre around which an effective defense indications and warning system can be built. Defense now has formal I&W system, and this needs to be changed before another crisis or intelligence failure.

DIA now has major organizational problems in conducting its I&W function. The DoD Indications System was established in 1961 based on eight Air Force centers then in existence. DIA was given authority over the system by DoD Directive 5105.21, which established the DIA, and was subsequently accorded some additional authority by the Defense Intelligence Plan of 20 February 1967.

Unfortunately, DIA's grant of authority under either of these directives is only implicit and at best fuzzy. DIA can only formulate general guidance for the system, (which it does through Defense Intelligence Manual 57-6, "The DoD Indications System"). Lacking firm centralized management, the system has tended to develop over the years into a "confederation of volunteers" rather than a well organized whole.

There are other factors which contribute to the organizational problem. The U&S Commands quite legitimately prefer that their particular I&W centers remain fully responsive to local needs. They may therefore view a strengthened DoD I&W system as a potential source of interference.

There are also divergent views between DIA and the individual commands about what their roles and responsibilities are or should be. Additionally, several new elements -- NOSIC, NSOC and the military service intelligence elements -- have arrived on the scene, all of which have an I&W role but are not now system members.

Within the past few years DIA has attempted to refine the system's organization and responsibilities through such efforts as:

-- Project 1955 for the systematic modernization of the worldwide system,

-- Documentation on what the system now is and what it should be,

-- A draft DIA regulation establishing this Agency as the system's manager,

-- Closer relations across the board between the field I&W centers and the DIA, and

-- Plans to facilitate inclusion of other DoD elements within the system.

DIA now requires additional authority to "manage the DoD I&W system," e.g., establish and enforce performance standards, assure ADP hardware compatibility, prescribe minimum personnel qualifications, exercise alert postures, create a standardized vocabulary and doctrine, and generally make the system more responsive and time-sensitive. DoD Directive 51015.21 and the Defense Intelligence Plan must be revised to acknowledge the existence of a DoD Indications System, and assign it DN as a leader or manager.

Everything DIA now does concerning the system is done under the general authority listed in 5105.21 to "conduct coordinating and planning activities to achieve the maximum economy and efficiency in the conduct of all DoD activities." DoD 5105.21 <u>does</u> direct DIA to "establish and maintain the DoD Indications <u>Center</u>", but not the entire I&W system. A suitable revision of the Directive is now awaiting signature.

4. <u>Combining the Deputy Directorates for Estimates (DE) and Intelligence Research (DB)</u>

In contrast, the split between Estimates (DE) and Intelligence Research (DB) seems to be justified more on grounds of elitism than substance, and produces major problems in coordinating the analysis effort. Aside from continuing bureaucratic conflicts, the major problems which exist are:

-- Compartmenting the analytic work on estimates away from current intelligence research.

-- Splitting of the substantive effort into non-functional categories.

-- Over-orientation of the estimative function towards support of national products and away from supporting DoD strategic planning.

-- A tendency to "politicize" the DE effort by its separation and national orientation.

-- A tendency to make DE an "Old Boys Home" by taking the best analysts away from their sources. This seems to be reflected in the attitude that DE has better people so it does not need to aggressively verify its data or adopt new methods. Put differently, there is a tendency for good analysts to rely on their past perceptions and success.

-- A lack of integrative drive within DB. The estimator should be the analyst who forces the input work to come together in a coherent whole. Too often he seems to take the output of DB and then uncritically turn it into "estimates."

This situation would only be partly corrected by co-location of DE and DB in a common building. The critical requirement is to tie the entire research effort together within each substantive areas, and to eliminate managerial layering and artificial functional divisions.

5. Expanding the Role of the Deputy Directorate for Scientific and Technical Intelligence (DT)

DT has steadily improved its performance during the last year, and has demonstrated good capability to move beyond engineering S&T to operations research analysis. This trend should be encouraged, and any remaining bureaucratic or organizational barriers to broaden interpretation of the S&T function should be eliminated.

It is suggested that this should be formally recognized by re-organizing DT as the Deputy Director for Scientific, Technical, and Operational Effectiveness Intelligence (DTE).

A more selective and at the same time stronger management needs to be exercised by DT over that portion of Service S&T production which responds to OSD and national needs. DT exercise of this specific and selective management must carry the full weight of authority to task and specify priorities and standards on behalf of the DDI.

6. The Role of the Intelligence Production Management Office (DM) and the Need for Improved Production Planning

While the organization of DIA production planning is under study, a preliminary examination of some of the options indicates that more needs to be done to centralize and improve defense production planning systems. Above all, DIA must establish clear goals for making qualitative improvements in its product, and for tying its production efforts together into a coherent structure. Specific recommendations for such improvement are discussed in Section VII.

7. Coordination Offices for OSD and the Tactical Commands

A wide range of different studies and discussions during the year indicate that DIA is correct in establishing an OSD support office to parallel that established for the OJCS. Study is also needed, however, of the possibility of establishing a similar support office for the commands and tactical consumers. More effort needs to be made to surface command needs in forums where they can be balanced against national level and DoD level priorities. The tactical consumer needs both "visibility" and advocacy at DoD headquarters.

8. Deputy Director for Command Support and Tactical Affairs

DIA should also examine the value of setting up a special Directorate to deal with Tactical and Intelligence Related affairs. No

IV-7

one is now clearly in charge of a dedicated effort to improve overall support to the Tactical Commander, or the interface between intelligence and intelligence-related capabilities. The Congress is correct in identifying this as a major problem in defense intelligence management, and even if DDI does not "manage" intelligence-related systems or budets, he should have a full time staff in DIA, at a suitably high level, working on the issue.

If at all feasible, this should be accomplished by having liaison officers from the commands work together under a DIA director. DIA does not need another filter between it and the commands, or a staff that will have to guess at command needs. Accordingly, the link between the members of this staff and the commands should be so direct that its members act as the representatives of the commands and not as regular staff members of DIA.

9. Expanding the Role of the DIO Office

Developing and implementing such a plan may require DIA to set up a small net assessment and systems analysis staff. This might be co-located with the DIOs, or made part of an expanded DIO office. The problem with the DIO system now is it is understaffed to perform its role, lacks a suitable substantive management role, and lacks the supporting expertise to provide immediate support in improving analytic and collection quality. The DIO system is working substantially better as a result of changes made by the Vice Director for Production, and further evolution in the same direction might make it even more effective.

10. Strategic Intelligence Staff

One of the problems that has emerged during the last year is the need for a staff which can undertake the task of strategic intelligence planning. Such a staff might best combine planning and intelligence and report directly to the Deputy Secretary for Operations.

If this is not possible, careful consideration should be given to creating a small staff group under the Director of DIA or Vice Director for Production which could combine enough intelligence, net assessment, systems analysis, and policy planning experience to focus on critical strategic intelligence issues.

11. Establishing a Deputy Director for Support to Policy and Planning

Another major problem faced by intelligence is that the intelligence priorities of major decision makers can change over night, and resources then have to be shifted suddenly to support new policy or planning needs. Such changes now have a tendency to "whipsaw" the defense intelligence community as new staff efforts are improvised and regular functions are disrupted to "crash" over a key issue.

The process is made much worse than it need be:

-- Inexperienced staffs suddenly are responding to senior decision makers and doing so with tasking which is often wrong or heavily filtered.

IV-8

-- Experts in given area of intelligence are suddenly asked to be high grade analysts. The result is considerable confusion, a great deal of unnecessary drafting and rewriting, and a slow process of finding the analytic skills necessary to transform facts into usable truths.

-- Assigning such tasking to a given element or component designed to work on other issues leads to significant coordination problems, and often to a failure to bring expertise together on a defense intelligence wide basis.

-- There is a strong tendency to "dump" all available data on the decision maker in lieu of knowing what he wants and needs, or how to analyze the information available.

-- The system over-reacts, over-produces, and is vulnerable to having many different assistants to policy makers produce follow-up tasking or duplicative questions. Much more work is usually done than needs to be done.

It might be useful, therefore, to set up a small Deputy Directorate for Policy Planning and Support of 10-12 truly competent analysts. These should have broad training and experience to handle such sudden policy level tasking or "crashes". This Deputy Directorate might not cope with truly major crises, but it would develop a group that would learn the needs of individual decision makers well enough to give them what they want, limit unnecessary work, and say to to duplicative user staff requests or low priority follow-up work. This group would also provide the kind of analytic skills necessary to draw on expertise effectively, and with minimum disruption of the regular work effort.

C. ISSUES FOR STUDY

There are several less critical issues which deserve further study;

1. Location of Senior Managers in the DIA Building

Past experience indicates that if DIA gets a new building, senior managers will try to stay in the Pentagon "where the action is". The problems are obvious. Managers become concerned with the needs of the Pentagon rather than managing their own staffs. Study is needed to determine whether any DIA personnel, aside from the Director of DIA and essential NMIC and DIN personnel, should be allowed to stay in the Pentagon.

2. The 0-5 and 0-6/GS-14 and 15 Problem

DIA is now studying means of reducing its layers of middle managers. A hard outside look is also needed, however, at the role played by present 0-5 and 0-6 military personnel, and GS-14 and 15 civil personnel, in management. There are indications that too many military personnel are rotated into DIA on grounds of rank and the need for military slots when

they are not qualified. The option of making cuts in the rank and number of
0-5 and 0-6 slots available to DIA should be examined. So should options to
free present GS-14 and GS-15 slots held by personnel lacking suitable quality
or skills. These long service civilians often combine with inadequate senior
service military officers, to sharply degrade the quality of DIA middle manage-
ment.

3. Supergrade Relief

Taking a devil's advocate position, DIA may be seeking supergrade
relief before it has demonstrated how this will improve the product. DIA
should be asked to provide specific justification on the grounds of how new
talent can be provided, and how this will improve the production process,
and be asked to compare the value of such relief against faster promotion
at lower grades.

IV-10

V. SIGNINT AND
PHOTINT

V. DEFENSE SIGINT AND PHOTINT ORGANIZATIONS

The National Security Agency, and other managers, have done an outstanding job of improving national SIGINT and PHOTINT systems. They have done so with a high level of management quality, and have managed to maintain a higher level of personnel quality than the Defense Intelligence Agency and higher standards of professionalism. The result has been a steady growth in the quality of "national" or centralized defense intelligence collection capabilities.

A. THE PROBLEM OF SUCCESS

Yet this success has the somewhat ironic impact of creating serious problems in the overall defense intelligence effort.

-- the Blue Ribbon Defense Panel comments regarding the imbalance between what defense intelligence collects,and what it analyzes,seem as true today as in 1970. While massive resources have gone into new collection and processing systems, analysts resources have declined and cannot adequately cope with the result. There seems to be little current prospect that planned improvements in processing and aids to the analyst will prevent programmed improvements in collection systems from making this situation worse in the future.

-- The improvement in collection capability has often been driven more by technological opportunity than requirements for the result. There is a good case for implementing technological innovation before precise requirements statements can be developed, but the process seems to have gone too far. It has put too much of the R&D funds, and too many of the top people, in supporting one-third of the effort.

-- The improvement in centralized systems has taken place at the cost of removing systems in the field, and possibly at the cost of providing proper support to the Unified and Specified Commands and tactical user. It is far from clear that the promises made to the tactical user in concentrating resources on "national" systems will be kept. This is discussed in more depth in Section VI.

-- The fact that SIGINT and PHOTINT are managed through separate systems, which are compartmented away from the rest of defense intelligence management,has led to three separate streams of collection management:

    o a strong and steadily more centralized SIGINT effort managed by NSA with little real central collection, development or production planning authority being exerted from the top.

o   a somewhat similar situation for PHOTINT with the
    additional problem that collection and processing are
    more sharply decoupled from production.

o   a weak HUMINT effort, led by DIA and the Services, which
    is sharply fiscally constrained.

--   This compartmentation has left HUMINT weak,and has prevented a
serious effort at trade-offs which reach across collection systems.

--   It has also tended to decouple detailed processing of SIGINT
and PHOTINT data, and to limit the scale of the effort devoted to all-source
collection analysis. This, in turn, has led collectors like NSA to
tend to become all-source analysts and producers. It has also led
collection staffs to go out and "market" the portion of their product
that over-burdened analysts cannot handle. This creates friction
between the collector and producer, and to pressures by collectors
to become independent national agencies.

--   the current system makes it difficult for SIGINT and
PHOTINT improvements in near real time collection capability to be
processed in such a way that interactions between SIGINT and PHOTINT
data will be properly explored. This makes it difficult for photo
managers involved with new types of imagery to make proper use of
the expertise of the signals community.

--   the centralization of defense collection assets has led to
their being called "national". This creates a confusion as to what
these assets really do, and must be used for, and this is compounded
by the collector's "marketing" of their product to users outside
the Department of Defense. This creates the risk that systems whose
primary function is military intelligence can become more and more
oriented towards other users, and subject to tasking for national
policy purposes when they should be used to support military planning
and operations.

B.   THE IMPACT OF THE 1976 REORGANIZATION OF DEFENSE INTELLIGENCE

        The 1976 reorganization of defense intelligence placed NSA and
defense PHOTINT managers under a Director of Defense Intelligence with the
authority to bring the three streams of PHOTINT, SIGINT, and HUMINT collection
together under central management. It failed, however, to fill the position
of DDI, and it failed to create a structure within ODDI which could implement
the authority it provided.

V-2

The result has been that major PHOTINT and SIGINT decisions
are now filtered through the senior decision-makers in ODDI, but that no
management substructure exists for bringing collection, processing and
production into balance; bringing coherence to the overall systems design
effort, or making hard resource trade-offs.

The 1976 reorganization also failed to solve a real world dilemma.
The defense SIGINT and PHOTINT efforts are successes. While this very
success steadily reinforces the problems in the defense collection effort,
it is difficult to exert outside management authority without an effective
management staff and system in ODDI. Any effort to control good management
with bad management could make things worse, and have the impact of "killing
the goose that lays the golden eggs."

C. SOLVING THE PROBLEM OF COLLECTION MANAGEMENT

. Making the Office of the Director of Defense Intelligence fully
effective is a pre-condition to exerting effective control of the defense
collection agencies and offices, and bringing collection into balance
with analysis. The previous recommendations regarding ODDI and DIA
are intended to lay this groundwork:

-- the Principal Deputy DDI would support the DDI with
coordinated policy recommendations, and act to tie all elements
of the defense intelligence community closely together in coordi-
nating inputs to the CFI, NIFB and non-intelligence staffs.

-- the strengthened Deputy DDI (Programs and Resources) would
have the staff necessary to carry out suitable program evaluation,
and recommend major resource trade-offs which cut across the lines
between collectors and collection and analysis.

-- the proposed Deputy DDI (Systems Management) would have
central management control over the development of all major intelli-
gence systems, and the authority to integrate the development of
future collection, processing, and analysis systems. He would also
have the kind of program evaluation capability which could examine
the management, technical, and functional quality of each system and
monitor progress in system development.

-- the Deputy DDI for Production and Director of DIA would have
a Vice Director for Collection who would have the rank to task
the overall collection effort and bring together the various streams.
His office could also be expanded, by taking analysts out of current
collection agency staffs, to improve the weight of effort at all-source
analysis. Finally, he would have the ability to set priorities which
involved potential trade-offs in the weight of the substantive effort
made by given collection systems.

V-3

Such changes would not require major changes in the present organization of NSA or other relevant offices, and would not "fight success with failure." It would allow proper control and management to evolve with only minimal changes in the present organization of ODDI.

D. AREAS FOR STUDY

It will take time for such changes to be implemented and there is a need for management analysis that is independent of the need for such changes. An outside study group, under the direction of the Principal Deputy to the DDI, should examine the present collection organization, and the balance between PHOTINT, SIGINT and HUMINT. It should look at the balance between collection, processing, and resources, and the possibility of over-centralization. Such study would lay the ground work for action by an effective management system.

Such study might examine the feasibility of creating a Defense Collection Agency under a single Deputy DDI for Collection to integrate the collection effort. A more moderate reform would be to place NSA and the defense reconnaissance entities under separate Deputy DDIs for PHOTINT and SIGINT. In any case, full scale study is needed of the future interface between SIGINT and PHOTINT systems, and of the impact of potential collection denial activities.

V-4

VI.

SERVICES
AND
COMMANDS

VI. THE ROLE OF THE SERVICES AND THE UNIFIED AND SPECIFIED COMMANDS

There are six major streams of defense intelligence activity:

-- support of the national intelligence effort, and users outside of the Department of Defense.

-- support of the Office of the Secretary of Defense, and the Office of the Joint Staff, in policy and force planning.

-- support of OSD and OJCS in operations including the exercise of the National Command Authority.

-- support of the Services and Defense Agencies in their planning, development, and management functions.

-- support of the Unified and Specified Commands.

-- support of the tactical commander in the field.

There is a natural tendency, with policy and resource management concentrated in the Washington area, to give the first three streams of activity priority. In practice, this means concentrating on the needs of the President, Secretary of Defense, Joint Chiefs, and Director of Central Intelligence.

Such priorities are valid in part. The needs of senior officials should take precedence over lesser needs. At the same time, the services, commands, and tactical user must also be served efficiently, and their needs may suddenly acquire critical priority in a crisis or conflict. It may also be argued that good Command and tactical intelligence are critical to the readiness that makes deterrence effective and that a proper resource balance between policy and tactical needs is critical to U.S. security.

Several senior officers have raised the issue that this tendency to give national and OSD/OJCS users priority has concentrated too many intelligence resources on serving senior user. That it has structured collection and processing systems in ways which make it difficult for major commanders or tactical users to be sure they will get the intelligence support he needs in crisis or war.

Other officers and civilians have questioned what they feel is a tendency to over-centralize intelligence resources in DIA, NSA, and defense-wide photo systems. They feel that the Services have intelligence expertise that cannot be duplicated in centralized staffs and which is not being properly utilized. They argue that special Service needs are not staffed at the priority they should command.

VI-1

A. THE ROLE OF THE UNIFIED AND SPECIFIED COMMANDS

The Blue Ribbon Defense Panel report of 1970 recommended that
more emphasis be placed on the role of the Unified and Specified Commands.
It stressed the fact that it is such Commands that must conduct detailed
military operations, and do the bulk of contingency planning.

It is also such Commands who must use the bulk of the intelli-
gence available in a conflict, and which require the most detailed support
in peace. Yet, several senior officers feel that the intelligence com-
munity has moved in the other direction, has weakened the intelligence
support available to such commands, and has not responded to meet new
intelligence requirements. They raise the following issues:

-- theater intelligence assets, and dedicated collection and
processing systems, have been steadily reduced.

-- emphasis have been placed on so-called "national" collection
systems which are tasked and managed in the Washington area, and
whose efforts are growing in support of other users.

-- "national" collection systems are often procured or improved
on grounds of support theater and tactical users, but these users
in fact receive lowest priority and often see budget cuts take the
form of removing the processing and readout systems necessary to use
such systems.

-- "national collection" systems lack many of the capabilities
of the tactical or theater systems they replace. They are not as
responsive, cannot provide the same degree of real time coverage,
and lack suitable fine grain resolution.

-- the theater or tactical user can have no assurance of getting
the priority he needs in a crisis or conflict. There is a major
risk the Commander has lost dedicated assets to Washington controlled
systems which will be serving the interests of high level Washington
users when they should serve operational commanders.

-- "national" systems do not allow the Unified or Specified
Command to obtain the "tailored" or specialized support they really
need. Such systems do not allow the Commands to modernize to keep
up with the threat.

The Command must then cope with this situation by seeking tail-
ored intelligence capability through the separate funding of "intelligence
related" systems, which often partially duplicate intelligence systems,
are not fully capable of meeting intelligence needs, and are hard to fully
integrate into the command structure.

-- "national" systems emphasize PHOTINT and SIGINT at the expense of HUMINT. HUMINT cannot be "nationalized". On the other hand, PHOTINT and SIGINT cannot perform many of the tasks that HUMINT can.

It is not clear how valid these issues really are. Command biases would tend to produce such comments in any system where dedicated assets have had to be traded for national systems. The issues are important enough, however, so that they merit "zero based" analysis.

They also merit a separate planning and analysis effort to explicitly consider what future trade-offs should be made between national and command systems and capabilities. It may be that the emphasis on high technology national collection systems is not as cost-effective as improving the delegated production efforts of the Commands. These are hard trade-offs to determine, but they should not continue to be made by default.

The issues also need to be surfaced because the Washington level user and producers need to be fully informed of the effect of their decisions, and use of intelligence sources, on the command and tactical "streams". As noted earlier, command and tactical intelligence requirements need more visibility and high level advocacy. They are now remote enough to be ignored or inadequately supported.

B. THE TACTICAL USER

It can be argued that the tactical user's needs for intelligence are simply an extension of the needs of the Unified and Specified Commands. Certainly, the issues that potentially weaken the intelligence support to the Unified and Specified Commands would also weaken support to the tactical user.

Various experts, however, have indicated that additional organizational issues need consideration:

-- the tactical user now depends on a complex array of intelligence, intelligence-related, C^3 and targeting systems. This dependence is planned to grow steadily in the future. Yet, its development seems poorly planned, and divided among different elements of DoD without a proper set of goals or effort at integration. Such problems go beyond the weaknesses in the management interface between "intelligence" and "intelligence-related" systems discussed earlier. They involve the overall structure of "information systems", including C^3 and battlefield management systems, at each major level of tactical command.

-- the U.S. tactical user is faced with a potential opponent with similar systems, and capable of waging electronic warfare of many kinds. The tactical user thus needs more than intelligence assets which are properly integrated into an overall system with intelligence related and command and control assets. He needs assets which match the capabilities of threat units and which are secure against various forms of electronic warfare and other countermoves. It is unclear

VI-3

that an effective effort is being made to compare U.S. and thr___
capabilities and integrate this comparison into plans and development.

-- many tactical and command systems have potential peacetime
as well as wartime applications. It is unclear that a proper effort
is being made to use design systems for peacetime purposes or to use
such "micro" collection capability to gather data on the "softer"
and more complex aspects of threat force readiness and training.

The actual importance of these problems is unclear, as is the
nature of the management and planning problem they present. There is
enough comment about such problems by operators and producers, however,
to indicate that they merit serious independent study carried on outside
the current management and planning effort. Further, better management
systems are clearly needed to monitor what is happening at the tactical
level, and to provide a comparison between the trends in U.S. and threat
capabilities.

C. THE INTELLIGENCE ROLE OF THE SERVICES

A number of senior defense intelligence officials, even some
within DIA, have raised serious doubts about the extent of centralization
in defense intelligence that has taken place in DIA and NSA. They feel that
there may be a good case for delegating a number of detailed functions
back to the Services, and focusing DIA's efforts on support of the national
user, OSD, the OJCs and Unified and Specified Commands. The most common
complaints are a lack of proper support of the Service R&D efforts, and
the quality of DIA's analysis of threat trends and actions affecting a
single service.

It is difficult to determine how much of this feeling is a
frustration with the quality of DIA and the present defense intelligence
organization, and how much represents a valid need for improved intelligence
support to the Services. It is also not possible to distinguish clearly
between complaints about support to the Services and complaints about support
to the Commands. The amount of feeling is significant enough, however, to
merit investigation, and study of (a) the adequacy of intelligence support
to the Services, and (b) the value of options for added delegation of
responsibility to the Service intelligence branches, particularly in the
production of basic counterpart (naval/maritime, aerospace, land warfare)
intelligence. This study does not seem to have the priority of reviewing
intelligence support to the Commands and the tactical user.

VI-4

COMMANDS

VII. SYSTEMS
AND PLANS

VII. <u>MAJOR SYSTEMS, PLANS, AND MANAGEMENT STRUCTURES</u>

The need to reform the present defense intelligence personnel structure, create improved methods of training and recruitment, and create an effective defense intelligence indications and warning system, have been discussed in Section IV.

There is an equal need to reform other aspects of the way defense intelligence operates. Staff Reorganization can only affect the way management is structured, and reform is needed in the way management operates.

A. <u>THE PLANNING CYCLE</u>

The studies that led to the new organization in early 1976, noted that no organization could overcome the lack of planning, guidance, and effective PPBS system. These problems remain, and the additional failure of the DCI to advance workable national planning concepts makes the situation worse than it was at the beginning of 1976.

The defense intelligence planning cycle is now a failure. The planning and programming aspects of the cycle are little more than an empty shell. Only the resource managers are doing their job, and they must now do the job of the substantive planner, the systems planner, and the policy planner.

The following steps should be taken to correct this situation:

-- The Principal Deputy of DDI should be given specific responsibility for the defense intelligence planning cycle, and for defense inputs to the national system. He should rely on tasking authority and approval authority over subordinate staffs rather than work through "layering" a new support staff.

-- A new family of defense intelligence guidance and planning documents must be developed under the direction of the Principal Deputy DDI.

-- Planning documents must be based on a detailed examination of long-term options for improving the capabilities of defense intelligence with specific recommendations for major pro-ram changes. They must focus on making real decisions, and not repeat the present focus on generalities, conventional wisdom, and rejustifying the present baseline.

They must specifically address the balance between collection, processing, and resources, and the trade-offs between investment in future modernization and present capability. They must set specific objectives to be achieved, and develop indicators that will measure whether basic planning assumptions remain valid.

Above all, they must provide the kind of content that will shape programming. Further, all planning activity must be oriented towards clearly defined priorities for improvement in the substantive product. New systems or efforts must not be justified on the basis of innovation alone: they must be specifically related to what they will do for the product.

-- Programming documents must then look across all elements of the defense intelligence community and make explicit trade-offs where necessary. They must highlight major production, system, and resource issues. Clear objectives must be set to measure the continued validity of program plans. Again, the focus must be improvement or change in the substantive product. Programming must not be continued on a "bits and pieces" basis.

-- The cycle must be opened up to users. The community now operates on a closed basis and hides most of its planning effort behind a green door. This has continuously proven to lead to intelligence PPB documents which do not adequately reflect user needs and views, and which set priorities of interest to defense intelligence at the cost of providing proper service to its customers. Accordingly, all major documents in the defense intelligence planning cycle should be reviewed by the Defense Operations and Intelligence Board, or a similar forum, early enough for all extensive revision to reflect user views.

-- The three other Deputy DDIs should be given specific responsibility to provide the Principal Deputy with key inputs to the planning cycle.

  o <u>Production</u> for all substantive goals, priorities, and issues.

  o <u>Systems</u> for all new major systems, hardware, and software.

  o <u>Resources</u> for all resource inputs.

-- As recommended earlier, each of the three functional deputies should have strengthened program evaluation capability to be able to make system-wide trade-offs. The ODDI(P&R), in particular, should be given enhanced authority for development of system-wide resource trade-offs and for cost-effectiveness analysis of resource trade-offs.

B. <u>PRODUCTION PLANNING</u>

The defense intelligence community now lacks effective production planning and management. Even the basic software and documentation is lacking for a coordinated production effort, and only a weakly organized system exists to obtain user needs and respond to user feedback.

In spite of improvements in some specific products or areas of production, defense intelligence has also failed to properly define overall goals and clear priorities for improving the quality of its substantive product. Formal improvement plans need to be developed by substantive area with specific goals and objectives, and in a form key consumers can review. For example, there should be a "rolling plan" for improving NATO and Warsaw Pact intelligence that identifies current weaknesses, issues, and gaps. It should set clear goals for improving production that cut across all compartments within the defense intelligence community.

To implement such improvement plans, production planners must also learn to say no, and be also able to defend such positions even against senior users. To do this, however, they must first learn when to say no and be able to provide:

-- adequate and effective bibliographies and documentation services;

-- a production plan users can consult to determine whether work on their needs is already underway;

-- consult users fully in developing major production efforts in enough detail so that the result reflects their needs.

Defense intelligence cannot provide any of the above services adequately today, and has a weak case in claiming that it is overburdened by unscheduled production. Much of this unscheduled burden is traceable to the fact that the user cannot find the product without a major effort, and gets products that generate more questions than they answer.

Hopefully, the proposed changes in organization would allow a strengthened DIA to come to grips with these needs and allow DIA to implement suitable defense wide production planning. In fairness to current production planners, the major elements of the needed system were developed by DIA in a system called "PROMIS". This effort failed because of tensions between the old OASD(I) and DIA, and the concern of senior managers with the quality of DIA's ADP work. Revitalizing and modernizing the PROMIS effort should be given high priority during the next year. Detailed suggestions for modernizing PROMIS are provided in Annex A.

C. NET ASSESSMENT, COMPARABILITY, AND INTEGRATIVE LEAD ANALYSES

Defense intelligence is making major progress in adopting net assessment techniques. The problem is that some managers tend to view this progress largely in terms of meeting user requirements, and not in terms of correcting for internal problems and weaknesses in the analytic effort. DIA needs net assessments, regional analysis, and other large scale integrative analysis to correct the major problems in its collection and analytic effort.

-- There is too much reliance on the importance of order of battle data, without examination of what factors really shape combat effectiveness.

-- There is acute compartmentation of the intelligence effort within the intelligence community. Analysts and managers are not forced to analyze the interactions between given elements of force capability and often don't.

VII-3

-- There is too much country-by-country reporting where analysis is needed of patterns in a region, over broad geographic areas, or in "country-on-country" terms.

-- There is too much concentration on the threat. The result is that so little data is available on our Allies, the threat data cannot be used in complex force comparisons or proper force planning.

-- Too many judgments about the threat are made by specialized analysts who have no clear basis for comparing forces or juding relative capability. The result is a systematic tendency to exaggerate threat capability and assume capability where data are lacking.

-- A lack of standardization exists throughout the production and collection effort. Data and reporting on different countries that should be directly comparable is not.

Net assessment regional analysis, and integrative analysis is not a luxury the user is forcing upon the intelligence community. It is an essential improvement in its management and operations. The adoption of such an approach to improving production should be made part of a formal production plan.

D. ADP SYSTEMS

Part of the problem with DIA ADP systems is that DIA cannot design its ADP effort efficiently without designing on a defense community basis, and that the past DIA management structure has left the ADP function so weak that large resources could be spent on individual ADP efforts which lacked a strong enough system manager to get anything done.

An "intelligence architect" focusing on future designs cannot fix this situation because of the immense cost sunk in existing systems, and because of the reality that central management of conceptual design is less important to system success than management in making the actual system work.

Creating a Deputy Director for Systems on a defense community basis would provide the suitable authority and coordination capability. More, however, is required:

-- The new Deputy Director should do a "zero base" ADP systems study. It must stop trying to use past studies and fix existing concepts, and get outside help in examining its entire ADP structure.

-- Defense intelligence must improve the "output" design of its ADP effort, and introduce cost-penalty or cost-effectiveness analysis of new ADP efforts. The delegated production nightmare is a classic case of insufficient justification analysis coupled to the theory any major investment must be made to work. (Known in management terms as "throwing good money after bad").

VII-4

-- Defense intelligence needs to introduce full system management of its ADP. Full PERT or similar systems should be introduced with regular review cycles, and with full integration of the training and human element. Performance milestones should be introduced to the management and approval cycle. Such milestones should not make on-line equipment availability a justification for further development authority. They should be based on measures which establish whether the equipment does the work it should with value equal to its cost?

-- Defense intelligence must introduce project manager continuity and responsibility to its contract ADP efforts. A given official should be held personally responsible for the success of contract efforts, and not simply the contractor.

-- Defense intelligence must start making explicit trade-offs between machines and people. These tend to be buried today, or made by first funding machines and then having to reduce personnel as a result. Correcting this problem should be a high priority task.

E. IMPROVING THE USER: MARKET SURVEY TECHNIQUES

Senior intelligence experts have noted that the efforts to improve the interface between users and producers during the last year have revealed two major problems in intelligence operations that can not be cured through improved organization of the Intelligence Community:

-- Users are not well organized to formulate intelligence requirements, keep the intelligence community informed of their own actions, disseminate and utilize intelligence, or provide feedback on what future product improvements are needed.

-- The real needs of users, or "market" for intelligence have never been surveyed using modern marketing techniques. Both users and producers now make assumptions about how intelligence is used which may not reflect a realistic picture of how users operate, what they need, or how intelligence can develop a suitable understanding of how to serve users.

The idea of introducing such "market survey" techniques, and of conducting a survey of the defense intelligence users in market terms, deserves careful examination. It might well provide the basis for making more specific recommendations about "improving the user", and such improvement is essential if the defense intelligence community is to get the guidance it needs, and see its product properly utilized.

VIII. ORGANIZATION
OPTIONS

VIII. MAJOR OPTIONS FOR IMPROVED ORGANIZATION

The recommendations and evaluations in this report have dealt separately with each major element of the defense intelligence community. Many of these recommendations would have value as independent measures, and do not depend on full scale reorganization of the defense intelligence community. The recommendations do, however, combine into a coherent structure that presents two major options for further reorganization.

A. THE CURRENT ORGANIZATION

The current organization of the defense intelligence community is shown in Table One. This organization reflects a number of important major reforms made during the last year:

-- Integration of the line management of the defense intelligence community under a single Director of Defense Intelligence (DDI).

-- Removal of the organizational barriers that led to continuing conflict between ASD(I) and DIA.

-- Enhanced management control over defense intelligence collection organizations.

-- Creation of a strong Inspector General to ensure the legality and propriety of defense intelligence operations.

-- Creation of a Defense Intelligence Board to improve the interface between senior intelligence users and producers.

-- Creation of a strong performance evaluation function.

-- Improvement of the internal organization of ODDI (Programs and Resources), and of DIA.

These reforms set the stage for the further options recommended in this report.

TABLE 1

CURRENT STRUCTURE OF THE
DEFENSE INTELLIGENCE COMMUNITY

DEFENSE INTELLIGENCE BOARD	SECRETARY OF DEFENSE DEPUTY SECRETARIES	INSPECTOR GENERAL FOR DEFENSE INTELLIGENCE

```
MILITARY DEPARTMENTS

        ASSISTANT SECRETARY
        OF DEFENSE (INTELLIGENCE)
        DIRECTOR OF DEFENSE
        INTELLIGENCE

                                                          JOINT
                                                          CHIEFS OF
                                                          STAFF

DDDDI
PROGRAMS
AND RESOURCES

SERVICE
INTELLIGENCE

PROGRAM              SYSTEMS            DDDI           DIRECTOR OF DIA        COMMANDERS
BUDGET              TECHNOLOGY         PRINCIPAL       AND DDDDI             OF UNIFIED AND
COORDINATOR         COORDINATOR        DEPUTY          (PRODUCTION, PLANS    SPECIFIED COMMANDS
                                                       AND OPERATIONS)

                                       PERFORMANCE
                                       EVALUATION
                                       STAFF AND
                                       DDIB SECRETARIAT

ASSISTANT DDI
INTELLIGENCE RELATED
ACTIVITIES, I&W                        COORDINATION
                                       STAFF

ASSISTANT DDI
SIGINT SYSTEMS

ASSISTANT DDI                                                               DEFENSE
SPACE SYSTEMS                                                               INTELLIGENCE
                                                                           AGENCY

ASSISTANT DDI        NATIONAL           NATIONAL
GENERAL SYSTEMS      RECONNAISSANCE     SECURITY
                     ENTITIES           AGENCY
```

VIII-2

B. OPTIONS FOR FURTHER CHANGE

The previous recommendations divide into two major options depending upon the scale of change that can be implemented in a single phase:

-- Option One would be a limited reorganization which would leave ODDI(P&R) and DIA largely with their present structure. Other lesser reforms would be implemented, but DIA would not be converted into a production agency.

-- Option Two would fully implement the recommendations made in this report. A new Deputy DDI for Systems Management would be appointed. The ODDI(P&R) would be reorganized. The Defense Intelligence Agency would be reorganized as a production agency, and other relevant changes would be made in various elements of the defense intelligence structure.

Both options would have the effect of completing the reorganization process begun in early 1976. Neither would require major changes in subordinate staff organizations of most elements of the defense intelligence community, although Option Two would mean major changes in the line of top management authority over certain elements of ODDI(P&R) and DIA.

A third option might also result from the studies recommended in this report, but cannot be recommended until these studies are completed. This option would place all defense intelligence collection organizations under a Deputy DDI for Collection. It would also potentially reverse the centralization of collection assets, and delegate more collection responsibility to the Unified and Specified Commands. The weight of ODDI attention to tactical and intelligence related systems would be increased, and certain current DIA production functions might be delegated back to the Services or Commands. This option could be implemented with the same organizational structure recommended under Option Two.

1. Option One: Limited Reorganization

The following detailed steps would have to be taken to implement Option One:

-- Expand the role of the second Deputy Secretary of Defense to that of Deputy Secretary of Defense for Operations.

-- Fill the now vacant job of Director of Defense Intelligence.

-- Reorganize the operations of the Defense Intelligence Board.

-- Strengthen the central management and coordination functions of the Principal Deputy DDI.

-- Appoint a Deputy Director of DIA to act for the Director of DIA in coordinating the Vice Directorates.

VIII-3

— Create a full Vice Director of Collections to strengthen DIA's production management of the entire defense collection effort.

— Create DIA support offices for OSD and the Unified and Specified Commands.

— Establish a DIA evaluation staff in a separate production and performance review office.

— Set up a small separate staff for strategic intelligence.

— Expand the role and independence of the Deputy Directorate for Current Intelligence (DN) to make it an effective manager of a formal defense I&W system.

— Combine the Deputy Directorates for Estimates (DE) and Intelligence Research (DB) into an integrated staff system organized by substantive area.

— Set up a small Deputy Directorate for Policy and Planning Support to deal with sudden shifts in the intelligence needs of key military and civilian users.

— Expand the responsibilities of the Deputy Directorate for Science and Technology (DT) to make it a Deputy Directorate for Scientific, Technical, and Operations Effectiveness Intelligence (DTE).

— Expand the role of the present DIO office.

The revised organization chart that would result from implementing this option is shown in Table Two.

TABLE 2

LIMITED REORGANIZATION OF THE
DEFENSE INTELLIGENCE COMMUNITY

```
┌─────────────────────┐     ┌─────────────────────┐     ┌─────────────────────┐
│     DEFENSE         │     │ SECRETARY OF DEFENSE│     │ INSPECTOR GENERAL FOR│
│  OPERATIONS AND     │─────│  DEPUTY SECRETARY   │─────│ DEFENSE INTELLIGENCE │
│ INTELLIGENCE BOARD  │     │   FOR OPERATIONS    │     │                     │
│      (DOIB)         │     │                     │     │                     │
└─────────────────────┘     └─────────────────────┘     └─────────────────────┘

                          ┌─────────────────────┐           ┌─────────────┐
┌─────────────┐           │ ASSISTANT SECRETARY │           │    JOINT    │
│  MILITARY   │           │ OF DEFENSE(INTELLIGENCE)          │  CHIEFS OF  │
│ DEPARTMENTS │           │ DIRECTOR OF DEFENSE │           │    STAFF    │
└─────────────┘           │    INTELLIGENCE     │           └─────────────┘
                          └─────────────────────┘

┌─────────────┐                                              ┌─────────────────────┐
│   SERVICE   │       ┌─────────────┐                        │    COMMANDERS       │
│INTELLIGENCE │       │    ODDDI     │                       │ OF UNIFIED AND      │
└─────────────┘       │  PROGRAMS    │                       │SPECIFIED COMMANDS   │
                      │AND RESOURCES │                       └─────────────────────┘
                      └─────────────┘
┌─────────────┐     ┌─────────────┐     ┌─────────────┐     ┌─────────────────────┐
│  PROGRAM    │     │   SYSTEMS   │     │    ODDI     │     │       ODDDI         │
│   BUDGET    │     │ TECHNOLOGY  │     │  PRINCIPAL  │     │   (PRODUCTION)      │
│ COORDINATOR │     │ COORDINATOR │     │   DEPUTY    │     │  AND DIRECTOR       │
└─────────────┘     └─────────────┘     └─────────────┘     │     OF DIA          │
┌─────────────┐                         ┌─────────────┐     └─────────────────────┘
│ ASSISTANT DDI│                        │ PERFORMANCE │     ┌─────────────┐
│ TACTICAL AND │                        │ EVALUATION  │     │   DEFENSE   │
│INTELLIGENCE  │                        │  STAFF AND  │     │INTELLIGENCE │
│  RELATED     │                        │DDIB SECRETARIAT   │   AGENCY    │
│  PROGRAMS    │                        └─────────────┘     └─────────────┘
└─────────────┘
┌─────────────┐   ┌─────────────┐ ┌─────────────┐  ┌─────────────┐
│ ASSISTANT DDI│  │  NATIONAL   │ │  NATIONAL   │  │COORDINATION │
│SIGINT SYSTEMS│  │RECONNAISSANCE│ │ SECURITY   │  │   STAFF     │
└─────────────┘   │  ENTITIES   │ │  AGENCY     │  └─────────────┘
┌─────────────┐   └─────────────┘ └─────────────┘
│ ASSISTANT DDI│
│ SPACE SYSTEMS│
└─────────────┘
┌─────────────┐
│ ASSISTANT DDI│
│GENERAL SYSTEMS│
└─────────────┘
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VIII-5

2. Option Two: Full-Scale Reorganization

The detailed changes in defense intelligence organization required to implement Option Two include:

-- Creating three functional Deputy DDIs for Production, Systems, and Programs and Resources, under a strong Principal Deputy DDI.

-- Converting DIA into an Agency focused solely on production with enhanced authority over the rest of the Defense Intelligence Community.

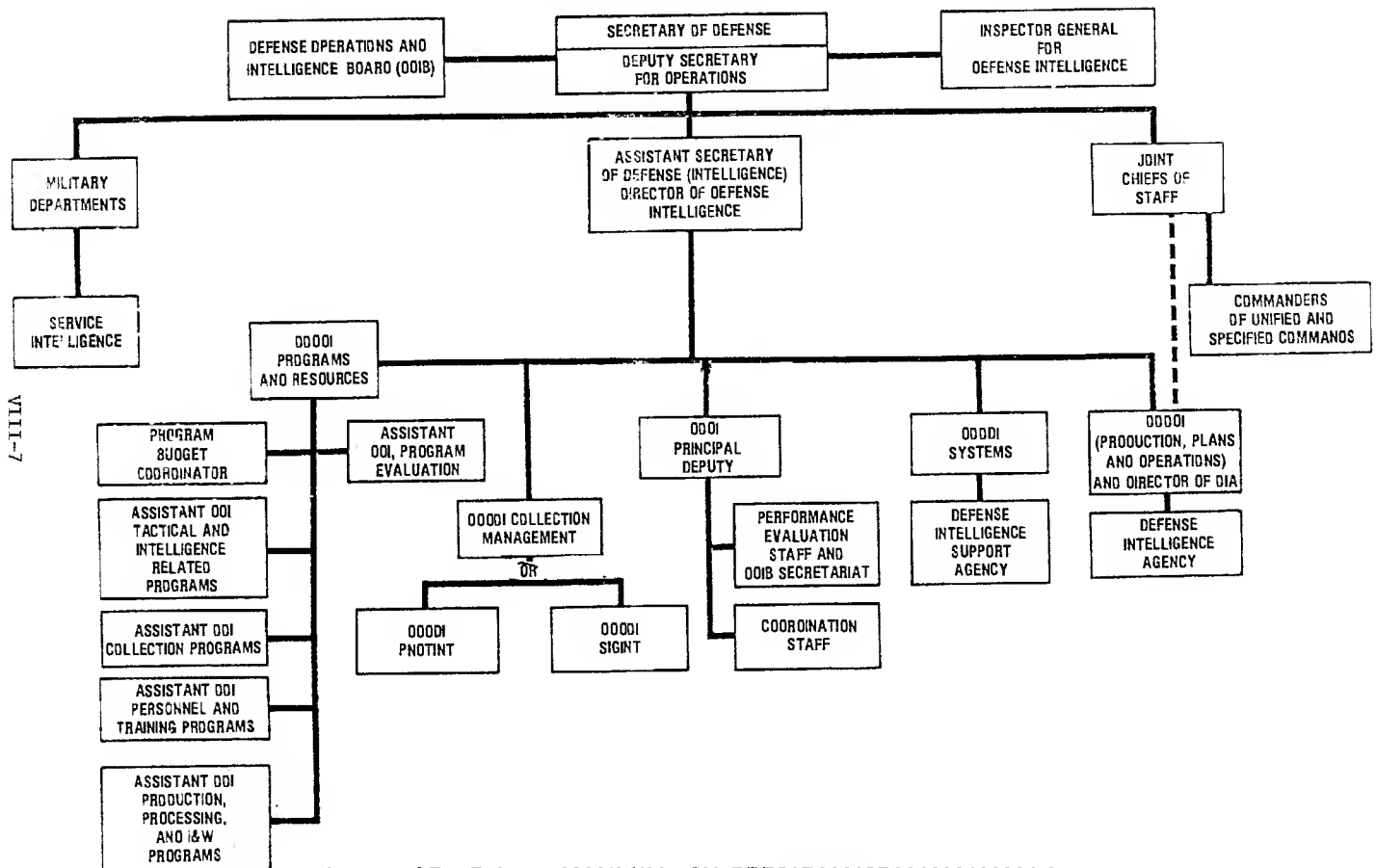-- Reorganizing ODDI(Programs and Resources) to make it the program, budget, and personnel manager of the defense intelligence community. The new ODDI(P&R) would absorb duplicative functions in DIA, and possibly some staff elements of the defense intelligence collection community. It would have a greatly strengthened Program Evaluation Staff, but lose its present systems planning and review functions.

-- Establishing an ODDI(Systems Management) to provide defense intelligence wide management of all intelligence systems and systems development. This office would absorb the relevant staff elements of ODDI(P&R) and DIA, and acquire a strong systems evaluation staff.

-- Consideration would be given to establishing a Defense Intelligence Support Agency under the new Deputy DDI for Systems Management. This would provide for full flexibility in the expert management and staffing of common services and systems.

-- Study might indicate the need to place all defense collection entities under a single Deputy DDI for Collection, or two Deputy DDI's for PHOTINT and SIGINT.

-- The current DIA Vice Directorate for Plans, Operations and Support (VO), would have to be reorganized appropriately.

The revised organization chart option resulting from the implementation of Option Two is shown in Table Three.

VIII-6

TABLE 3

FULL-SCALE REORGANIZATION OF THE
DEFENSE INTELLIGENCE COMMUNITY

```
                    DEFENSE OPERATIONS AND          SECRETARY OF DEFENSE          INSPECTOR GENERAL
                    INTELLIGENCE BOARD (DOIB)    ─────────────────────────            FOR
                                                   DEPUTY SECRETARY            DEFENSE INTELLIGENCE
                                                   FOR OPERATIONS


    MILITARY                              ASSISTANT SECRETARY                        JOINT
  DEPARTMENTS                            OF DEFENSE (INTELLIGENCE)                 CHIEFS OF
                                          DIRECTOR OF DEFENSE                        STAFF
                                             INTELLIGENCE

                                                                                        COMMANDERS
    SERVICE                                                                           OF UNIFIED AND
  INTELLIGENCE          DDODI                                                       SPECIFIED COMMANDS
                      PROGRAMS
                    AND RESOURCES

                                                         DDDI            DDDDI            DDODI
      PROGRAM          ASSISTANT                       PRINCIPAL        SYSTEMS      (PRODUCTION, PLANS
      BUDGET          DOI, PROGRAM                      DEPUTY                       AND OPERATIONS)
    COORDINATOR       EVALUATION                                                    AND DIRECTOR OF DIA

    ASSISTANT DOI                                                     PERFORMANCE        DEFENSE            DEFENSE
    TACTICAL AND     DDDDI COLLECTION                                 EVALUATION      INTELLIGENCE      INTELLIGENCE
    INTELLIGENCE      MANAGEMENT                                      STAFF AND         SUPPORT            AGENCY
      RELATED                                                      DOIB SECRETARIAT     AGENCY
      PROGRAMS              OR

    ASSISTANT DOI                                                    COORDINATION
  COLLECTION PROGRAMS    DDDDI        DDDDI                             STAFF
                        PNOTINT       SIGINT
    ASSISTANT DOI
    PERSONNEL AND
  TRAINING PROGRAMS

    ASSISTANT DOI
     PRODUCTION,
     PROCESSING,
      AND I&W
      PROGRAMS
```

VIII-7

C. IMPACT OF THE OPTIONS ON THE DEFENSE INTELLIGENCE AGENCY

These organizational options would have a significant impact on the internal organization of the Defense Intelligence Agency, and this impact seems worth portraying in more detail.

-- Table Four shows the present organization of DIA.

-- Table Five shows how DIA's organization would change if Option One was implemented.

-- Table Six shows how DIA's organization would change if Option Two was implemented.

VIII-8

TABLE 4
CURRENT ORGANIZATION OF THE
DEFENSE INTELLIGENCE AGENCY

VIII-9

```
                    SCIENTIFIC ADVISORY          DIRECTOR OF DIA              INSPECTOR GENERAL (IG)
                    COMMITTEE                     AND
                                                  DEPUTY DOI                   GENERAL COUNSEL (GC)
                    SENIOR INTELLIGENCE           (PRODUCTION, PLANS,
                    ADVISOR (DC)                  AND OPERATIONS)              DIRECTOR'S STAFF GROUP
```

| VICE DIRECTOR FOR PLANS, OPERATIONS AND SUPPORT (VO) | COORDINATION STAFF (CS) | VICE DIRECTOR FOR PRODUCTION (VP) |

```
 J-2 SUPPORT          DEFENSE                        INTELLIGENCE            DEFENSE
 OFFICE (JS)          INTELLIGENCE                   PRODUCTION              INTELLIGENCE
                      SCHOOL (IS)                    MANAGEMENT              OFFICERS
                                                     OFFICE (DM)             (DIO)
 SYSTEMS
 PLANNING
 OFFICE (SP)
```

| DEPUTY DIRECTOR FOR PLANS AND POLICY (DP) | DEPUTY DIRECTOR FOR COLLECTION OPERATIONS (OC) | DEPUTY DIRECTOR FOR DEFENSE ATTACHE SYSTEM (AH) | DEPUTY DIRECTOR FOR RESOURCES AND SUPPORT/ COMPTROLLER (RS) | DEPUTY DIRECTOR FOR CURRENT INTELLIGENCE (DN) | DEPUTY DIRECTOR FOR ESTIMATES (DE) | DEPUTY DIRECTOR FOR INTELLIGENCE RESEARCH (DB) | DEPUTY DIRECTOR FOR SCIENTIFIC AND TECHNICAL INTELLIGENCE (DT) |

TABLE 5

IMPACT OF LIMITED REORGANIZATION OF ODDI
ON THE DEFENSE INTELLIGENCE AGENCY

VIII-10

TABLE 6

IMPACT OF A FULL-SCALE RESTRUCTURING OF ODDI ON THE DEFENSE INTELLIGENCE AGENCY

VIII-11

D. THE IMPACT OF SYSTEMS FOR MANAGEMENT OPERATIONS

        Changes in organization are, however, only part of the organizational
concept recommended in this paper. The way various elements of the defense
intelligence community conduct their management operations are of equal
importance, and the following recommendations should be considered in imple-
menting Option One or Option Two:

        -- Reorganize the resource and systems management structure
of ODDI (Section II).

        -- Charter DIA as the manager of a formal defense indications
and warning system (Section III).

        -- Reorganize the personnel and career development structure
of DIA and the defense intelligence community (Section III).

        -- Establish an effective defense intelligence planning,
programming, and budgeting cycle (Section VII).

        -- Establish an effective production planning system (Section
VII).

        -- Improve the defense intelligence ADP system (Section VII).

        -- Expand the introduction of the use of net intelligence
assessment, regional analysis, and large scale integrative analysis
(Section VII).

        -- Carry out full scale "market research" analysis to establish
an effective operational interface between intelligence users and pro-
ducers (Section VII.).

IX. NATIONAL INTERFACE

IX.   INTERFACE WITH THE NCA, WARNING COMMUNITY, NSC AND DCI

Some of the most serious present and potential problems in defense intelligence operations and management have nothing to do with the organization of the defense intelligence community. Further, they often have the effect of making the defense intelligence community seem weak when the real problems stem from the outside. These problems cannot be solved in the Department of Defense, but should be considered in evaluating the previous recommendations and issues, and in determining how an improved defense intelligence organization should interface with the rest of the National Security Community.

A.   THE NATIONAL COMMAND AUTHORITY

Intelligence is only one part of the National Command Authority. It is, however, a critical part in time of crisis and war. The basic problems for defense are how the National Military Intelligence Center might best support the SecDef and the CJCS under such conditions, whether it can concurrently provide civilian decision-makers outside defense with the intelligence they would need from defense, and how it would interact with other intelligence and crisis management systems under truly serious crisis conditions.

The national intelligence community, and the national military command, have attempted to cope with individual problems in the NCA by improving the NCA system. Their success on an inter-agency basis is uncertain, and its responsiveness to the specific needs of a President at least merits review.

The problem is that no minor crisis will really test the ultimate performance of the system, nor will any exercise "designed (or exercised) from below." Accordingly, while it is not clear that a serious problem exists, the apparent lack of a clear plan and structure for national intelligence management in a major conflict indicates that serious study is needed at the White House level.

B.   THE "INDICATIONS AND WARNING COMMUNITY"

The Department of Defense has made major improvements in its current intelligence, and indications and warning efforts since the October War. The fact remains, however, that there is no national indications and warning system and no real national system for handling crisis intelligence. Again, agency-oriented improvements are being grafted on to improved inter-agency communications and methods of data exchange and process. No one is clearly in charge, and no clear goals exist for action.

There is also too much emphasis on the narrow definition of the term "Indications and Warning." I&W is too often interpreted to mean warning of immediate actions or attack, and structured in such a way that the activity

involved is legitimately vulnerable to the criticism that it, "provides warning of its imminent demise that can be acted upon only after it is dead." Too little emphasis is placed on long-term warning and crisis prevention, and too little attention is paid to what intelligence does after warning and during a crisis or conflict.

There is a need for a national current intelligence system -- with I&W as one of its functions -- which links the specialized expertise of each major element of the intelligence community. The National Military Intelligence Center (NMIC) may, as it evolves, provide a core around which the military aspects of such a system can be built. Defense cannot, however, act alone.

C. THE ROLE OF THE NATIONAL SECURITY COUNCIL

The change in administration will leave defense intelligence without a clear interface with the National Security Council, and without a clear chain of decision making to guide the efforts of defense intelligence at the national level. Making such an interface efficient is critical to proper defense intelligence support of the national user.

In practice, the Director of Central Intelligence has provided only part of substantive or policy related tasking through his plans or scheduled national intelligence production. The White House, or senior officers under the Secretary of State, have provided the key guidance as to substantive priorities through their tasking of National Security Study Memorandums and other key policy related intelligence tasking.

Unfortunately, this process has not been properly recognized within either the National Intelligence Community or by many national security planners. The "myth" has been that the DCI anticipates requirements and plans intelligence production rather than reacts to the special needs of decision makers. While key intelligence efforts are driven and initiated by the policy needs and priorities of White House, NSC and State, the national intelligence system is set up to produce national estimates as if an IC-generated production plan could manage intelligence production.

The problems inherent in this "myth" have been compounded in recent years because of weaknesses in the policy process. The NSC and State have not done a good job of tasking strategic planning, or systematically reviewing the overall requirement for intelligence in "non-crisis" areas.

The Central Intelligence Agency and INR can cope with this situation better than can Defense intelligence, because they have more direct access to the civilian decision makers involved, and can substitute direct contact for policy guidance and the "myth" of national intelligence planning. Even these agencies, however, suffer sharply from the fact that national intelligence planning and tasking needs to be reorganized to reflect the reality of user tasking at the White House, NSC and Secretary of State level, and such tasking needs to be made more systematic, given more depth, and given a clearer management structure.

IX-2

D. THE ROLE OF THE DIRECTOR OF CENTRAL INTELLIGENCE

The 1976 reorganization of the National Intelligence Community has not yet developed an effective national intelligence management structure, and may be unable to do so. The following specific problems affect the operations of the defense intelligence community:

-- the role of the DCI as a "planner", a "manager", a "resource allocator", and "advisor" remains unclear. The text of the "charter" of the DCI is ambiguous, and most importantly, the management structures and planning systems necessary to give meaning to this charter remain undefined, or so weakly structured as to leave their functions unclear.

-- the Committee on Foreign Intelligence (CFI) can only work if its decisions deal with the major planning and policy problems of future development, improving the substance of intelligence, and overall resource planning. The lack of a viable supporting structure of management and planning has left the CFI focusing on current issues of moderate importance when it should be reviewing major decisions.

-- the national intelligence planning cycle is little more than an empty and purposeless shell. Most of the present national planning and guidance documents have little real meaning in terms of shaping production, development, and resource decisions. The documents also lag far behind the budget cycle, and often seem to have little real purpose. Nothing approaching an effective national PPBS system exists, and no clear definition has emerged of what span of DCI control over the community is useful or can be achieved.

-- the "myth" of DCI planning of national intelligence production, discussed earlier, does not set policy related priorities, but it does seem to generate a great deal of intelligence effort with no clear user. This consumes major defense intelligence resources.

-- the role of the Intelligence Community Staff remains unclear, and capabilities seem weak. The staff is still far too dominated by members of the intelligence community. It badly needs to bring in outside analysts and managers who do not have agency biases and who have broader expertise. These problems in the IC Staff create continuing problems in its interface with defense. Good system and resource managers are urgently required.

-- the NIO system presents the problem that it substitutes a series of "feudal baronies" for effective substantive management. While some of the "Barons" do an excellent job, they are not a substitute for coherent management which can make major improvements in the quality of substantive intelligence, and in the responsiveness of the product to user needs.

These problems sharply limit what the Department of Defense can do to put its own house in order. They also present the difficulty that an improved defense intelligence organization might be somewhat out of step with the structure for national intelligence management when such a structure finally emerges.

IX-4

RESTRUCTURING DEFENSE AND NATIONAL INTELLIGENCE:

THE NEED FOR IMPROVED PLANNING AND MANAGEMENT SYSTEMS

ANTHONY H. CORDESMAN
MARCH 2, 1977

THE ROLE OF IMPROVED MANAGEMENT AND PLANNING SYSTEMS IN DEVELOPING AN EFFECTIVE INTERFACE BETWEEN NATIONAL & DEFENSE INTELLIGENCE

Most of the discussion of the reorganization of Defense intelligence, and of means of improving the national defense intelligence interface, has focused on organizational structure and lines of authority. Such changes are essential if the U.S. is to develop an effective management structure for the Intelligence Community. They will not, however, be enough.

No change in organization, lines of authority, and key personalities can compensate for the present lack of management infrastructure within the Intelligence Community. The basic tools of effective management simply are not present. Accordingly, reform will be needed in six basic areas:

-- Development of an integrated concept of production planning and management.

-- Development of an integrated intelligence PPB system.

-- Integration of SIGINT, HUMINT and PHOTINT planning and management.

-- Development of common community-wide career development and grade structures.

-- ADP standardization and commonality.

-- Information flow.

A. Production Planning and Management

The national and defense intelligence communities now lack an integrated bibliography, an integrated production plan, and a set of requirements and specific goals for improvement which can be integrated into the actual production process. Intelligence production is essentially managed on a "back of the envelope" basis which attempts to tie individual "piecework" to individual perceptions of what needs to be done.

There are many reasons why the quality of intelligence production does not match the quality of intelligence collection, and why so much intelligence production has so little value to users. At the same time, however, it is clear that this range of problems cannot be addressed collectively or individually unless the DCI and defense intelligence managers have the basic management tools or infrastructure necessary to control and shape the production process.

These tools are now almost totally lacking. They exist only to support annual budget decisions, and this has the unfortunate effect of skewing the attention of senior managers towards over-concentration on resource decisions in the absence of effective control over production.

The attached briefing on "Interactive Production Planning" describes one possible approach to setting up an effective management support system. Many other variants are possible, but the key features needed in any effective system are summarized in Table One below.

TABLE ONE

MAJOR REQUIREMENTS FOR A MANAGEMENT SYSTEM TO SUPPORT

PRODUCTION PLANNING AND MANAGEMENT

o Annotated community bibliography updated in near-real time -- provides all managers with the essential overview of what has been produced, and historical memory necessary to utilize community effort.

o Integrated production plan -- a near-real time record integrated into the bibliography which shows what each element of the community is working on or planning to produce.

o Integrated goals, objectives, and requirements -- current objectives, requirements, goals, and tasking would be integrated into the hierarchy so that past and planned production could be compared against current requirements.

o Hierarchy of detail -- a logical structuring to the combined bibliography and production plan which allows managers and analysts to review the production effect at the level they desire.

o Substantively organized with cross reference capability -- a system of entering bibliography and production plan data which allows effective information retrieval by substantive area, and by interaction between products.

o On-line community-wide data system with "zoom" capability -- a secure computerized data bank and terminal system to allow rapid input and retrieval, and with the capability to rapidly collect information by specific substantive topic, level of analysis, user group, or other essential "set" for management and analysis purposes.

o Specified actors and review cycle -- a record would be incorporated
   which allows managers to trace the production process for given
   documents, examine the review cycle, and identify delays or problems
   in the review process.

o On-line to users -- system would be transparent to users. They
   could use it to determine what was available and under production,
   and to input both added requirements and comments. Subject to
   security, on line dissemination capability could be built-in to
   produce records of distribution and allow users to quickly request
   products.

o Dissemination and comment history -- record would be available of
   past dissemination, and past user or other comment and evaluation.
   Key problems or requirements would be built into system. Not
   simply requirements for coverage of given areas.

o Compartmentation history -- classification would be recorded
   allowing rapid analysis of effect of compartmentation on distri-
   bution by substantive area.

Any system meeting these requirements would provide the essential
management infrastructure for both internal DoD needs, and for linking
defense and national intelligence production planning under DCI control.
Further, it would allow interaction not only within the Intelligence
Community, but between intelligence and the user.

B. Development of An Integrated Intelligence PPB System

The present national intelligence programming, planning, and budgeting
system is a series of bureaucratic compartments protected by disparate
approaches to budgeting and special classifications. A detailed review of
the Defense portions of the budget effort reveals little real reason for
much of the classification, and indicates that a major review is needed of
the present "office by office" approach to programming and budgeting reporting.
Past discussions in the DIB also revealed that budget planning is weak, compart-
mented, and input oriented.

Little real trade-off analysis is done or possible. In practice, the
"planning" aspect of PPB is done by the resource managers in the absence
of an effective planning effort.

Existing mini-computer and secure data link capability offer a simple
way of changing this structure. A common PPB system design could be stan-
dardized within the Intelligence Community in the next year. This could
be on-line to the DCI with separate sub-systems managed by DoD and the CIA.
This would allow both DCI management by exception, and improved overall
trade-offs analysis and review. It would also break down the complex

hierarchy of special classifications and data flow arrangements to allow effective central review and management without creating large central staffs. The key features of such a system are shown in Table Two below.

<u>TABLE TWO</u>

<u>MAJOR REQUIREMENTS FOR AN IMPROVED INTELLIGENCE COMMUNITY</u>
<u>PLANNING, PROGRAMMING, AND BUDGETING SYSTEM</u>

o <u>Community-wide system</u> -- the PPB system would be on-line to all elements of the community. The DCI and DDI would have a netted or common PPB.

o <u>Computer and data processing capability</u> -- a mini-computer system of the type used by ASD(I) would be expanded and terminals would be provided to each major budget manager. The system would be open to each element of the community to allow trade-off analysis and proposals. A full hierarchy of data processing options would be set up to allow different levels of management control or review at appropriate levels.

o <u>Declassification</u> -- current over-classification and compartmenta-tion would be sharply reduced. This would allow much more effec-tive sharing of information, and management review.

o <u>Integrated planning data</u> -- planning guidance would be recorded in the system, and related to programming data.

o <u>Decision record and calendar</u> -- the history and planned calendar of major program decisions would be included in the system. It would be possible to analyze the status of major programs or to group major decision points by subject, importance, or other managerial criteria.

o <u>Integrated statement of objectives</u> -- a hierarchy of objectives would be maintained and expanded within the system to tie programs to the goals to be achieved.

o <u>Improved levels of definition and trade-off capability</u> -- the current PPB submissions of the various elements of the community would be reviewed. Improved functional breakouts would be developed. Categories would be restructured to improve trade-off analysis across agency lines, and between collection, processing, and analysis activities.

o <u>Improved programming by substantive area</u> -- program and budget categories would be refined to allow closer tracking between production planning and resource planning.

o Extended planning data -- major elements of the data would be extended ten or more years into the future. Major long-lead time systems would have their development history built into the programming data. Interactions between collection and processing systems development and procurement would be traceable.

Again, it is unlikely that any change in organization charts, in statements of responsiblity, or in key personalities would allow effective DCI and Sec Def control unless a major move towards community-wide programming is made in the management infra-structure which now supports PPB decisions. Further, it is unclear that effective DCI planning can take place as long as any effort to generate data must rely on individual and manual agency submissions. It is simply too easy to stonewall and block reform.

In the long run, it might also be possible to tie the on-line approach to resource management to the interactive production planning discussed previously. This may be too complex an effort to justify, but it would offer the potential advantages of "closed loop" resource management which allowed the manager to directly relate resource decisions to their impact on production. Existing management infra-structures are too weak to allow such an effort, and make any effort to accomplish it a "paper chase".

The need for such an improved PPB system is largely independent of the precise relationships between the DCI and Secretary of Defense, although on-line programming would allow the DCI to manage by exception with considerable confidence that most regular budget operations did not require DCI review. The major issues that would need to be addressed in setting up such a system would be:

-- the exact level of data available to any given user, and the amount of DoD data available to the DCI.

-- standardization of national and defense intelligence budget and programming data and categories.

-- the interaction between the national and defense planning cycles shaping actual utilization of the system.

-- the interface between this system and DoD PPB data on control and communications, and intelligence related systems.

C. Integration of SIGINT, HUMINT, and PHOTINT Planning and Management

The intelligence community now allocates most of its resources and personnel to collection and directly related processing. However, its management structure to shape and control these resources is highly compartmentalized. It is divided into separate channels for SIGINT, HUMINT, and PHOTINT. Equally significant, management compartments also exist between R&D and operations, and between collection and processing.

Past management studies of intelligence have tended to focus on I&W and analysis, rather than collection management. This resulted both from the fact individual collection activities have been relatively successful, and from the practical difficulty of addressing opaque, compartmented, and highly technical management processes.

Both the DCI and Secretary of Defense need a management system that integrates the various elements of the collection effort, allows analysis of overall collection performance, and evaluates the trade-offs between the SIGINT, HUMINT and PHOTING efforts.

Such reforms would be so complex that they probably require zero-based analysis. However, certain requirements for improved management systems can be identified.

TABLE THREE

MAJOR REQUIREMENTS FOR A MANAGEMENT SYSTEM TO

INTEGRATE COLLECTION MANAGEMENT

o Combined Collection Facility -- a full scale fusion facility is needed for tasking, managing, and disseminating intelligence collection. This should operate on a national level, although possibly physically in DoD.

o Combined Collection Programming and Budgeting -- collection planning, programming and budgeting should be shifted from "input" budgeting by individual collection activity to "output" budgeting relating all collection methods to a specific production goal as suggested in Table Two.

o Clear Lines of Management Authority -- NSA and other single collection entities should be clearly subordinated to a national and defense manager with responsibility for all collection activities. Many current single source defense and national committees need to be re-structured on a fusion basis. Serious consideration should also be given to designating a DCI systems manager with community-wide responsibility for collection and processing architecture.

o <u>Fusion Centers or Processors Within Collection Entities</u> -- near real-time PHOTINT and SIGINT systems require a capability for each collection entity to monitor the other's collection in near real-time to understand the interaction between systems. This requires data exchange and computer compatability, and probable expansion of the present limited staff effort. Fusion activity related to HUMINT needs separate study.

o <u>Combined Collection Tasking Analysis</u> -- much of the software for tasking and processing collection does not allow effective or systematic trade-offs between different streams of the collection effort. Integrated software is needed for tasking and processing at many levels.

o <u>Improved Dissemination</u> -- community efforts at developing software allowing analysts to explore what collection is available are still weak and compartmented. Some national designs exist, however, which might correct this siutation. The subject needs careful study, and management systems are needed to monitor overall information flow from collection to production.

o <u>Integrated Planning of Collection and Processing</u> -- re-evaluation is needed of current management systems for tying improvements in collection to improvements in processing. PERT, MIS and improved systems management techniques are needed for both procurement planning and operational management in key instances.

o <u>Utility Analysis</u> -- improved management systems are needed to ensure that collection activity does have proper ultimate utility, and that collection does not overload processing or analysis. Current systems do not provide the collector or overall manager with sufficient data on the utility of collection activities.

D. <u>Development of Common Community-Wide Career Development and Grade Structures</u>

Intelligence managers have not developed an effective management support structure for either defense or national intelligence personnel. Several major factors have been involved:

-- hardware consumes the most resources, and requires continuing discreet funding decisions.

-- past pressure on the intelligence community has focused only on individual Agency total manning levels. There has been no need to react to functional or qualitative issues.

7

-- management compartmentation of manpower issues has led outside review to deal in sequence with the manning of each agency or element.

The result is a radically different grade structure and career development pattern within each major element or agency, and almost random sub-optimization of manpower decisions. This management failure is exemplified by DoD's focus on the small ASD(I) staff and 4,000 odd people in DIA to the virtual exclusion of treatment of overall defense intelligence personnel management.

Some basic options for improving the present intelligence management system are listed in Table Four:

TABLE FOUR

MAJOR REQUIREMENTS FOR A MANAGEMENT SYSTEM TO IMPROVE

PERSONNEL AND CAREER DEVELOPMENT MANAGEMENT

o <u>Standardize the Grade and Career Development Structure</u> -- the distribution of grades, rate of promotion, career development opportunities, should be managed on a Community-wide basis. CIA, DIA, and NSA should not have different grade structures, or compartmented career development patterns.

o <u>Consider the Option of Creating a National Intelligence Service, Combine All Defense Intelligence Personnel Under one DoD Manager</u> -- Intelligence is specialized, and considerably autonomy needs to be retained on an Agency basis. Nevertheless, a national intelligence service might have major advantages in breaking down agency barriers and parochialism, and in providing equitable career opportunities. At a minimum, defense intelligence manpower should be managed as a pool within DoD.

o <u>Improving Training and Educational Opportunities</u> -- Insufficient resources are now allocated to intelligence training--both for management and analysis, and no system exists to monitor the overall defense or national intelligence effort. The separate educational programs of CIA, NSA and DIA, do not adequately train any given group, and disperse resources that could be spent on specialized training within each Agency. Consideration should also be given to expanding certain DIA and CIA training facilities to provide improved graduate level training in analysis.

8

o "Selection Out" -- the present system leaves CIA and NSA with special exempted status, military officers with uncertain career status managed on an agency or Service basis, and a mixture of regular and exempted civil servants in DIA and ASD(I). The latter system leaves DIA with entrenched senior civilians of low quality and younger staff vulnerable to "rifs". A common system is needed to prevent locking inadequate personnel into middle and senior management slots, and to offer more opportunities to all personnel to find the slot they are suited for. Further, a foreign service type "selection out" process may be necessary to ensure that new people actually are brought into the system, and the capability to fire is exercised.

o Military-Civilian Equity -- major reform is needed to ensure that both military and civilian members of the intelligence community have the same career opportunities, and are selected and evaluated by the same criteria. The current defense emphasis on designating some slots as military and civilian--and giving each Service near equal representation in DIA--should be ended by placing such personnel policy under the control of the DCI.

o Managed Rotation -- management systems are needed which ensure rotation of intelligence personnel within the intelligence community, between user and producer staffs, and between intelligence and academic or research institutions. Lip service to the idea is pointless. Quotas must be established and monitored.

E. ADP Standardization and Management

Senior managers are generally impatient with issues like ADP standardization and integration. There are few areas in the intelligence effort, however, which are more dismally managed, and which use so many resources needlessly. Even the briefest look at the problem reveals major and continuing problems in the integration effort, and costly duplication or the use of expensive and inefficient sub-processors.

Efforts at voluntary coordination within the intelligence community have demonstrated that this approach cannot coordinate improvement at a reasonable rate. Accordingly, the DCI should be given formal authority over all aspects of ADP integration, standardization, and development, and the mandate to force ADP integration of the CIA, DIA, NSA and Service efforts. A zero-based review should be made of current developments and sub-systems, and unquestionable lines of DCI staff authority should be set up over the entire intelligence community.

9

The basic changes needed in management procedures are summarized in Table Five below:

TABLE FIVE

MAJOR REQUIREMENTS FOR A MANAGEMENT SYSTEM TO SUPPORT EFFECTIVE

ADP STANDARDIZATION AND MANAGEMENT

o Single Manager -- a single manager needs to be set up under the DCI to enforce standardization on an intelligence wide basis.

o Architecture or Design Control -- the single manager should be supported by a suitable architect or design staff with authority to force system integration.

o Zero-based Analysis -- present Community ADP activity needs zero-based review of resource allocations, on-going system developments, and system coherence.

o Interactive Processing -- CIA and NSA efforts to shift from using ADP for printing and storage to full interactive processing need to be adopted on a standard Community basis. A coherent program is needed to ensure that ADP systems properly serve the analyst and user.

o Community-Wide Programming -- ADP expenditures need community-wide review in addition to review as part of other programs. Explicit analysis is needed of the interaction between ADP efforts and personnel. Current programming does not seem to adequately review the impact of ADP on personnel numbers and training.

o Community-Wide Netting and Security Standards -- DCI authority is needed to enforce system netting and common security standards. Regorous use of this authority will be needed to break down compartmentation established for bureaucratic purposes or to aid control of information flow.

o User-Orientation -- management systems need to be established which will ensure that intelligence ADP efforts do not continue to exclude the user, and that suitable terminal and service facilities are set up so that the user can access suitable community ADP systems and data banks, and use ADP for interactive tasking and comment on intelligence products.

10

o Data Base Integration -- the need for integrated PPB and Production
   Management systems have been discussed earlier. Integration is also
   needed of major data bases, and these need to be combined with appro-
   priate data banks on U.S. forces to develop directly comparable data
   bases on U.S. and foreign forces. The DP&E system seems a suitable
   starting point.

o Enforced Use of Uncertainty, Quality Analysis and Multiple Entries --
   Current Community data bases consistently lack suitable quality control
   aids, and enforce a false precision on entries. This reflects deep
   seated "cultural" problems in the Community approach to ADP, and a
   major review is needed by the DCI to re-orient ADP to properly reflect
   uncertainty, show conflicting entries or views, and permit standard
   quality control techniques such as regression analysis, search for
   deviant entries, etc.

F. Information Flow

Formal compartmentation is only one of the problems inhibiting
information flow within the Intelligence Community. Two years of DCI
and DoD review of the intelligence effort have confirmed the conclusion of
past studies that the intelligence bureaucracy systematically uses informa-
tion flow as a means of achieving bureaucratic power, rather than preserving
security, and that it pays little attention to ensuring efficient information
flow between intelligence agencies, as distinguished from providing agency
flow to leading agency consumers.

Effective DCI and defense intelligence management, and improved
intelligence quality, require a zero-based review of methods to improve and
ensure information flow, and to penalize withholding and failure. This
involves not only the implementation of past recommendations to reduce
compartmentation, but a systematic effort to identify adversary relationships
which block such flow within the intelligence bureaucracy. Outside manage-
ment analysis is probably essential since no decision maker independent of
the problem will have the time to address it.

The major kinds of reform required are summarized in Table Six below:

TABLE SIX

MAJOR REQUIREMENTS FOR A MANAGEMENT SYSTEM TO SUPPORT

EFFECTIVE INFORMATION FLOW

o Security Policy and Review Staff -- a single official under the DCI
   should be given unilateral authority over all security policy and use
   of codeword classification. Agency and DoD use of codewords and com-
   partmentation should be put under the line authority of this official,
   whose primary purpose should be to control information flow.

o Classification Control -- current management systems sharply encourage
   over-classification within the Intelligence Community. This leads to
   efforts at decompartmentation which confuse legitimate needs to pro-
   tect sources with bureaucratic carelessness. Rigorous and Community-
   wide procedures need to be established which make it extremely diffi-
   cult to use codeword classifications, and which require sufficient
   justification to discourage over-classification.

o Action on Existing Recommendations -- enough options to reduce
   compartmentation now exist to allow the DCI to act on a community
   basis. Decisions need to be taken.

o Information Flow Analysis -- a dedicated staff effort is needed under
   the DCI to review information flow at all levels. This staff should
   establish a suitable reporting structure to ensure that proper flow
   is taking place.

O Abolish Orcon -- with the exception of special operations, classifi-
   cation should be the only control over dissemination. The originator
   should not be able to control information flow for other unstated
   reasons.

o Information Integration -- a coherent effort is needed to integrate
   community production planning, PPB, collection and ADP systems.

o Standard Computer Security -- the ADP reforms discussed in Table Five
   are critical to proper information flow within the community. The DCI
   needs authority over all community ADP to enforce a single standard
   for multi-level access and netting that will maximize information flow.

G. Reforms in Management Systems vs Reforms in Organizations, Responsibili-
    ties and Functions, and Personalities

    Most decision makers within the Washington Community deal with manage-
ment improvements largely in terms of changes to organization charts,
statements of function, and key personalities. These are reasonable
approaches to reorganization up to a given point. They are also relatively
easy to accomplish within a short period of time, and in a form all parti-
cipants can evaluate and understand.

    There is a point, however, at which such approaches to reform cease to
have much effect, because they are not supported by matching improvement in
management infrastructure and information systems. There is good reason
to assume that intelligence has reached this point. Recent reorganization
has had only limited effect, and has left basic problems unaddressed or
unchanged.

Accordingly, the current reorganization effort should pay close attention to whether the traditional Washington approach to management problems is adequate. There are still many improvements that can be made in organization, statements of function, and key personalities. But, then there are always such opportunities for improvement in any organization. It is unlikely--given the problems outlined in the previous six tables--that another set of such improvements will accomplish much unless equal attention is paid to reforming the management process.

13

INTERACTIVE
PRODUCTION
PLANNING

CONCEPT BRIEFING

ANTHONY H. CORDESMAN
CIVILIAN ASSISTANT TO
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ELLSWORTH

917

THREE INTRODUCTORY VIEWS

- "IMPOSSIBLE DREAM"

- COMMUNITY ALREADY PLANNING –
  "RE-INVENT THE WHEEL."

- POSSIBLE OVER THREE TO FIVE YEARS

917

KEY ELEMENTS

- INTEGRATED BIBLIOGRAPHY
- INTEGRATED PRODUCTION PLAN
- INTEGRATED GOALS:
    - -- GUIDANCE
    - -- REQUIREMENTS
    - -- KIQs/DKIQs
    - -- IMPROVED METHODS OF ANALYSIS AND COLLECTION
- SPECIFIED ACTORS AND REVIEW CYCLE
- HIERARCHY OF DETAIL
- SUBSTANTIVELY ORGANIZED WITH CROSS REFERENCE CAPABILITY
- ON-LINE WITH "ZOOM" CAPABILITY
- DISSEMINATION AND COMMENT HISTORY

917

MANAGEMENT CONCEPT

- INTERACTION, NOT CENTRAL CONTROL

- PASSIVE, NOT ACTIVE COORDINATION

- CLOSED LOOP CONCEPT: ALL STAGES SERVE ALL PARTICIPANTS

- OPEN SYSTEM: USERS AND OTHER PRODUCERS HAVE RELATIVELY
OPEN ACCESS

- GRADUAL DEVELOPMENT

- MANAGEMENT BY EXCEPTION AT ALL LEVELS

- REVIEW NOT COORDINATE INITIATION

- REPORTING BURDEN SHOULD BE MATCHED BY VALUE OF SYSTEM
TO REPORTING COMPONENT

917

INTEGRATED BIBLIOGRAPHY

- DEFENSE INTELLIGENCE COMMUNITY OR COMMUNITY AS A WHOLE

- FULL ANNOTATION

- ALL-SOURCE

- INCLUDES NON-SCHEDULED, STUDY SUPPORT, AND DATE BASE
  PRODUCTS

- SUBSTANTIVE HIERARCHY

- INSTITUTIONAL MEMORY

- SERVES USERS AND ANALYSTS AS WELL AS PRODUCTION PLANNERS

917

INTEGRATED PRODUCTION PLANNING

- SAME CONTENT AND STRUCTURE AS BIBLIOGRAPHY

- PRODUCTION PLANS INTEGRATED INTO BIBLIOGRAPHY

- MULTI-LEVEL ACCESS

- TIED TO KEY ELEMENTS OF MANAGEMENT INFORMATION

- DEVELOPMENTAL RECORD: TASK TO TOR TO OUTLINE

- STATUS RECORD AND RATIONALE

917

INTEGRATED GOALS

- HIERARCHY OF DETAIL

- COMBINE ALL KEY ELEMENTS

- INCLUDE TRADITIONAL DOCUMENTS:

  -- DCI GUIDANCE, OBJECTIVES, KIQs

  -- DIA DOCUMENTS

  -- OJCS AND SERVICE DOCUMENTS

  -- KEY USER INPUTS

  -- COLLECTION PRIORITIES

- ADD NEW ELEMENT:

  -- REQUIREMENTS FOR IMPROVED ANALYTIC METHODS

- USE INTERACTIVELY: BRING CONSUMER AND COMMUNITY INTO
                       REVIEW LOOP

- ON-LINE "SUGGESTION" OPTION

SPECIFIED ACTORS AND REVIEW CYCLE

- WHO DOES IT?

- WHO COORDINATES?

- WHO REVIEWS?

- SEEK MAXIMUM RELEVANT USER PARTICIPATION

- OPTION FOR MONITORING:

  -- WORKLOAD

  -- COORDINATION ACTIVITY

  -- USER INTERACTION

HIERARCHY OF DETAIL

- SORT NOT DUMP

- PROGRAMMED TO SERVE DIFFERENT USERS FROM DDI
  TO WORKING ANALYST

- SUBSTANTIVE ORGANIZATION

- FIXED KEY WORDS OR SORT SYSTEM

- FREE CROSS-REFERENCE

- "ZOOM" CAPABILITY

- LOGICAL SEARCH OPTION

DISSEMINATION AND COMMENT HISTORY

- DISTRIBUTION RECORD OR PROPOSAL INTEGRATED

- OPEN "COMMENT" OPTION

- COMMENT RECORDED WITH MINI-SEARCH CAPABILITY

- DISSEMINATION OPTION

"ON-LINE" CONCEPT

- OPTION, NOT ESSENTIAL

- POSSIBLE SYSTEM COULD MORE THAN PAY FOR SELF

  - -- ELIMINATE PAPER WORK

  - -- ELIMINATE FILING AND COORDINATION ACTIVITY

  - -- SHARPLY CUT MIDDLE MANAGERS

  - -- "SAVING" THROUGH IMPROVED UTILIZATION RATIO

  - -- IMPROVED SPECIALIZATION WITHOUT MANAGEMENT

  - -- NO "LOST" PRODUCTS – REDUCES DUPLICATION

- BUILD INTO COINS, DIAOLS, SOLIS, ETC.

91-7

THOUGHTS ON CORDESMAN'S THOUGHTS ON INTELLIGENCE ORGANIZATION

o Two fundamental points were raised--but they conflict

   - Intelligence production should concentrate on
     "unique contributions" of intelligence, not on
     broad policy documents which generalize and waffle.

   - The DCI should reorganize the NIO process into one
     that produces Net Assessments vice estimates.

   - These two concepts can be rationalized only if:

      --intelligence agencies--not DCI--produce
        the "intelligence;" and

      --DCI's staff constitutes a nucleus around
        which ad hoc net assessment task forces,
        composed of producers and users, would
        be formed.

           --Many would argue this should not
             be done within the Intelligence
             Community.

o Another line of discussion argues for a new intelligence
   PPBS system--but the problem remains of getting there
   from here.

   - The heart of the "new" PPBS is a management system
     to relate resources to "substantive intelligence
     areas."

      --Given this system, specific objectives would
        be spelled out, and performance tracked

   - Doing this, however, requires an ability to explicitly
     relate the inputs to outputs--something no one I know
     of knows how to do. Specifically:

      --What are the "substantive intelligence areas?"

      --How are the joint products of technical
        collection systems to be allocated (i.e.,
        how much of the satellite is allocated to
        crop forecasting [economic], how much to
        indications and warning?)?

        --What are some specific examples of the
        resource-related objectives?

o Finally, the paper suggests that all of the above can be
done with 100 people.

   - Most of the current players think 200 (IC + NIOs)
    aren't enough.

o Recommendation

   - Invite Tony to spend two weeks on the <u>specifics</u> of
    the PPBS proposal.

      --Hire him through a beltway bandit to ensure
      insulation of his notorious self from the
      bureaucracy.

   - If he can produce, something useful may result.

PROGRAM ANALYSIS AND IMPROVEMENT DIVISION

o Major divisions:

Product Analysis and Improvement
Systems Analysis and Improvement
Crisis Warning and Management Analysis and Improvement

o Product Analysis
- Focus on documentary products for policy makers and planne:
- Important Questions:
-- Were the requirements met
-- Was the analysis/assessment sound
-- Did the information reach those who needed to know
- Output:
-- Feedback to producers--critiques
-- Proposals to restructure collection/production
programs
-- Proposals to add/delete/change requirements
-- Proposals affecting the quality of intelligence
personnel

o Systems Analysis
- Focus on analytic techniques, costs, and trade-offs
- Questions:
-- Are the best available analytic tools being
fully utilized - *data bases*
-- What are the currently programmed resource
allocations and relationships to intelligence
inputs and outputs
-- What issues and trade-offs are should be
considered to improve overall system efficiency
and effectiveness
- Output:
-- Resource displays and analysis
-- Program issues
-- Analytic methodology improvement recommendations

o Crisis Warning and Management
- Focus on current intelligence and the dynamic interaction
between intelligence/decision/action/reaction in
the crisis context at the NSC level
-- The point being crisis avoidance/escalation
control
- Questions:
-- How does the "system" actually work?--how well?
-- What does technology offer that is applicable?
-- What is the role of the IC in warning and crisis?
- Output:
-- "Maps" of the system to educate the players
-- Proposals to change the structure
-- Program issues

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IMPROVING THE ORGANIZATION OF
DEFENSE INTELLIGENCE

ISSUES AND
RECOMMENDATIONS

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CIVILIAN ASSISTANT TO DEPUTY
SECRETARY OF DEFENSE ELLSWORTH

DECEMBER 1976

Classified by Civ. Asst. to DepSecDef Ellsworth.
Exempt from General Declassification Schedule of
Executive Order 11652. Declassify on Impossible
to Determine.

IMPROVING THE ORGANIZATION OF

DEFENSE INTELLIGENCE

DISCUSSION CONCEPTS

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SECRETARY OF DEFENSE ELLSWORTH

REVISED DRAFT
16 DECEMBER 1976

- I N D E X -

I.

EXECUTIVE
SUMMARY

I. EXECUTIVE SUMMARY

The future organization of the Defense intelligence community will
depend on the priorities of the new President, Secretary of Defense, and
Director of Central Intelligence. Some elements of the present organiza-
tion of the defense intelligence are also under study in ODDI and DIA.
Nevertheless, the experience of the last year indicates that further
restructuring may be needed to improve the organization and functions of
defense intelligence.

The following evaluation examines the major elements of the current
defense intelligence organization, and certain critical functions and
systems. It sets forth recommendations for reorganization and further
study which may merit consideration by the new managers of the defense
system.

A. OVERVIEW

The attached report evaluates the success of the new organization
of defense intelligence and presents issues and recommendations for dis-
cussion purposes.

1. Major Recommendations

The major recommendations discussed include:

-- establishing a Deputy Secretary of Defense for Operations.

-- filling the position of DDI.

-- strengthening the role of the DDI and ODDI and reorganizing
the management of the defense intelligence community, so that separate
Deputy DDI's are established who manage intelligence production,
the development and operation of major systems, and programs and
resources. The three essential steps necessary to implement this
reform would be to:

-- First, convert DIA into an agency whose sole mission is to
conduct and manage intelligence production throughout the defense
intelligence community. DIA would then direct all collection, pro-
cessing, analysis, and dissemination activities involved in intelli-
gence production, but lose its present systems management, support and
program and resource functions. DIA would thus cease to be a multi-role
agency, and acquire a single mission with a feasible span of management
control and responsibility.

    -- Second, establish a Deputy Director of defense intelligence for Systems, and rationalize present systems design, management and evaluation staffs under his control.

    -- Third, rationalize the Office of the Deputy DDI for Programs and Resources to include resource management functions now located in DIA and the other major elements of defense intelligence, and create a strong program evaluation section capable of conducting defense intelligence wide trade-off analysis.

  2. Related Changes in DIA

Other changes are also recommended in DIA:

    -- creating a Deputy to the Director of DIA with line authority over the current Vice Directors.

    -- fully separating the DIA Deputy Directorates for Current Intelligence (DN) and Intelligence Research (DB), and making DN an I&W and crisis management support staff with full authority over a formally chartered defense I&W system.

    -- combining the Deputy Directorates for Estimates (DE) and Intelligence Research (DB) and creating a new Deputy Directorate to provide analytic support for major policy issues.

    -- redefining and strengthening the role and authority of the DIA Deputy Directorate for Science and Technology (DT).

    -- establishing a Support Office or Deputy Director specifically tasked with improving intelligence support to the Unified and Specified Commands.

    -- establishing an OSD Support Office.

    -- expanding the tasking authority of DIA over NSA and the other defense intelligence collection agencies, and organizations.

    -- establishing a Vice Director of DIA for Collection to exercise this enhanced tasking authority.

  3. Changes in the Collection Effort

Study is recommended of the current structure of the defense intelligence collection effort, and of the balance between collection, processing, and production. Specific areas of concern are:

I-2

     -- the need to bring defense collection entities under tighter control, possibly by appointing a new Deputy DDI for Collection over a single defense intelligence collection agency, or separate Deputy DDIs for SIGINT and PHOTINT over NSA and current reconnaissance entities.

     -- The need to re-examine the trend towards centralization of defense collection assets, and whether the capabilities of the Unified and Specified Commands should now be enhanced.

     -- the need for improved management of the development of tactical and intelligence-related systems.

4. Role of the Unified and Specified Command and the Services

     Study is also recommended of the intelligence structure supporting the Unified and Specified Commands, the Services, and tactical commanders. There may be significant reasons why the intelligence assets of the Commands should be increased, and why the Commands should be delegated a more substantive role in intelligence production. The integration of intelligence and intelligence related systems at the tactical level needs similar study, as do options for delegating more service-oriented intelligence functions back to the individual Services.

5. Changes in the Management Operations of the Defense Intelligence Community

     The following changes are recommended in the operations of the Defense intelligence community:

     -- Reorganize the resource and systems management structure of ODDI (Section II).

     -- Charter DIA as the manager of a formal defense indications and warning system (Section III).

     -- Reorganize the personnel and career development structure of DIA and the defense intelligence community (Section III).

     -- Establish an effective defense intelligence planning, programming, and budgeting cycle (Section VII).

     -- Establish an effective production planning system (Section VII).

     -- Improve the defense intelligence ADP system (Section VII).

I-3

-- Expand the introduction of the use of net intelligence assessment, regional analysis, and large scale integrative analysis (Section VII).

-- Carry out full scale "market research" analysis to establish an effective operational interface between intelligence users and producers (Section VII).

6. National and Defense Intelligence Interface

Study is also recommended of certain critical aspects of the national and defense intelligence interface:

-- Defense intelligence capability to meet the additional needs of the NCA and non-defense users in crisis or war.

-- The need for a better structured national indications and warning system.

-- The need for a better organized user effort to task national intelligence production affecting defense resources.

-- The need for improved DCI efforts to design a national intelligence planning cycle, and to develop national priorities and goals affecting the defense intelligence effort.

B. THE ROLE OF THE DEPUTY SECRETARY

There is a need for a Deputy Secretary who is directly concerned with intelligence. At the same time, however, it is questionable whether a Deputy Secretary should be concerned with intelligence for more than half of his time. This raises the issue of implementing the Blue Ribbon Panel recommendations and creating a Deputy Secretary for Operations.

Such a Deputy Secretary would still have the time available to shape the overall modernization of defense intelligence, but would also have the additional responsibilities necessary to justify the existence of two Deputy Secretaries. He would also have the broad authority and functions lacking in proposals to create a number of Under Secretaries.

C. OTHER MAJOR CHANGES IN THE STRUCTURE

The creation of the office of the Director of Defense Intelligence, with line authority over all elements of the defense intelligence community, is an essential first step in giving defense intelligence coherent management. Defense intelligence is not yet organized effectively, however, and has suffered from the fact that the position of Director of Defense Intelligence (DDI) was left vacant. Accordingly, several major recommendations are made for improving the organization and operation of defense intelligence.

1. <u>Director of Defense Intelligence/ASD(Intelligence)</u>

The now vacant position of Director of Defense Intelligence should be filled as soon as possible. The business of defense intelligence must have a clear full time leader who will make basic policy decisions on substantive, organizational, and resource priorities.

2. <u>Principal Deputy ODDI</u>

The position of Principal Deputy ODDI is functioning well, and will still be essential when a DDI is appointed. Further, the Principal Deputy must be a <u>prima</u> <u>inter</u> <u>pares</u> so that the various elements of defense intelligence have one working level decision maker who is clearly in charge.

3. <u>Performance Evaluation Staff (PES)</u>

Consideration should be given to using the PES as an evaluation staff for those issues which require independent study by the DDI and his Principal Deputy. The PES might also be used to staff major issue papers for the Defense Intelligence Board (DIB) or an expanded Defense Operations and Intelligence Board.

4. <u>Defense Intelligence Board (DIB) and Panels</u>

The Defense Intelligence Board should be restructured as a Defense Operations and Intelligence Board or DOIB. Other recommendations include:

-- giving the Board a major advisory role to the Deputy Secretary of Defense to expand it from a consultative or discussion-oriented forum to an advisory body focused on major issues, policy and guidance.

-- consolidating the present three User, Resources and Producers panels in one Executive Panel.

-- concentrating all basic staff work in the office of the Executive Secretary.

-- Concentrating the effort of the DIB on a few key issues proposed by the Deputy Secretary or indiivdual members.

-- continuing the DIB review of major substantive issues.

I-5

5. The Need to Revise the Role and Function of the Other Deputy Directors of Defense Intelligence

The most significant changes required in ODDI are the need to provide a better management structure of production, resources, and systems.

The present structure blurs lines of responsibility throughout the defense intelligence effort. It forces many component elements into duplicative work efforts, and it ensures that considerable conflict takes place among subordinate staffs. It leaves systems management critically weak, it fails to support a basis for effective resource trade-offs between major elements of the defense intelligence community, and it ties the production function to so many other management functions that its leadership cannot concentrate on the critical task of improving intelligence quality.

Three major reforms are necessary to provide the required improvements in management:

a. The Role of the Deputy Director for Production/Director, DIA

DIA currently is forced to act as a multi-role agency which carries out systems management, common support, and program and resource functions, in addition to its basic mission of managing intelligence production from collection to dissemination. Many of these functions and responsibilities are duplicated elswhere in ODDI and the defense intelligence community.

The result is an impossible span of control for DIA, without clear lines of responsibility. DIA cannot concentrate on improving its performance in carrying out its basic mission of production, and suffers from criticism and resource cuts that are the result of problems in systems, resources, and support management for which it cannot fairly be blamed.

DIA should be reorganized so that it is a production agency whose sole mission is to manage and conduct intelligence production throughout the defense intelligence community. Its control over defense wide collection, processing, analysis, and dissemination functions should be strengthened; and its present systems management, program and resource management, personnel, and common support functions which should be transferred to other specialized Deputy Directorates within ODDI.

b. The Role of the Deputy Director for Programs and Resources Deputy DDI (P&R)

Second, the Office of the Deputy Director for Programs and Resources should be rationalized and restructured. The basic functions of the Deputy Director for Programs and Resources should remain unchanged. He should, however, be given expanded responsibility over DIA and the rest of the defense intelligence community. Specifically, most of DIA's current resource, personnel, and management support staffs should be rationalized and made part of the staff of the Deputy DDI (P&R).

This reform would make the Deputy DDI(P&R) the resource manager for defense intelligence and give him the strength to make the community wide trade-offs and program plans which are impossible under the current organization.

To organize this role, appropriately, however, the Deputy DDI(P&R) should lose his systems management and development functions and have them replaced with a strong program evaluation team.

Finally, such reform will allow the Deputy DDI(P&R) to deal with career development on a defense intelligence-wide basis, and end the present compartmentation in career development and career patterns between different defense intelligence organizations.

c.   The Need for a Deputy DDI (Systems Management)

Third, all major systems design and management functions, and common support and processing functions, would be brought together under a new DDI for Systems Management.

The current system, even with the addition of an "intelligence architect," will not be strong enough to perform the critical defense-wide management function of designing, implementing, and improving major collection, processing, and I&W systems, or to manage intelligence-related systems as mandated by Congress.

Accordingly, the new Deputy Director for Systems Management should acquire the present systems responsibility and functions of DIA and ODDI(P&R), and possibly those of other elements of the defense intelligence community as well. He would be the systems manager for all of defense intelligence and intelligence-related systems, and would make systems trade-offs as the ODDI(P&R) would make resource and program trade-offs. He would also assume full development, management, and evaluation responsibility subject to the obvious checks and balances of having to meet the needs of the Director of DIA, and conform to the program management and evaluation of the Deputy DDI(P&R).

It will also be necessary to develop a strong evaluation staff and this will require outside expertise. It is essential that this evaluation staff be dominated by a management expert and staffed primarily by non-technical management experts.

6.   Defense Intelligence Support Agency

Consideration should also be given to establishing a Defense Intelligence Support Agency to manage the provision of common services to the defense intelligence community. Such an agency would provide continuity and flexibility in hiring expert personnel, place common service activities on the proper organizational level, and help to reduce or eliminate duplication of function within the individual defense intelligence agencies.

Such an agency might be placed under the line authority of the new Deputy Director of DDI for Systems Management.

7. <u>Deputy DDIs for PHOTINT and SIGINT</u>

A final, more radical, option might also be considered. The recommendations made in Sections V and VI would create a Vice Director in DIA for Collection and give him enhanced authority over defense intelligence collection efforts. The strenghtened Deputy DDIs for Programs and Resources, and Systems Management, would also help to bring the collection effort under full management control.

It might be desirable, however, to go further. There are two major options for such action.

-- Place the defense-wide SIGINT and PHOTINT effort under a separate "Deputy Director of DDI (PHOTINT), and Deputy Director of DDI (SIGINT)". This would clearly end the semi-autonomous status of the current collection organizations, and place them fully under the DDI.

-- Create a single Deputy Director of DDI (Collection Management). This would end the compartmentation of SIGINT and PHOTINT into separately managed streams of effort.

The problems inherent in such proposals need careful study and are discussed in more depth in Sections V, VI, and IX.

8. <u>Management Flow and Checks and Balances</u>

The recommended pattern of reorganization would create three interacting flows of management activity -- production systems, and resource management -- under strong central direction with enhanced authority over NSA and the national reconnaissance entities.

II. ROLE OF THE
DEPUTY SECRETARY

II. THE ROLE OF THE DEPUTY SECRETARY

There is a need for a Deputy Secretary who directly concerns himself with intelligence.

-- The exact role of the DCI and Secretary of Defense in managing defense intelligence will take several years to evolve. Given the vital nature of defense intelligence to defense planning and operations, DoD must have a voice of near equal rank to the DCI.

-- Defense intelligence is a multi-billion dollar business serving both civilian and military users. It has not been managed as such in the past, and the attention of a Deputy Secretary is needed until the management structure of defense intelligence is fully reformed.

-- Defense intelligence has not suffered from major abuses of civil or legal rights. It is essential, however, that it be brought under firm central authority to demonstrate that it is properly under control, and that no such abuses can occur because of compartmentation within the defense effort.

-- The Congress is rightly concerned with quality of defense intelligence management and production. This concern is now moving from questioning of the role of defense intelligence to detailed Committee concern with efficiency, capability, and resource management. The attention of a Deputy Secretary is needed to develop the proper interface with the Congress.

-- The regular bureaucratic process has not proved adequate in catalyzing intelligence to respond effectively to major policy needs, and requires high level direction to ensure key policy needs are properly met, and that a suitable dialogue takes place between high level users and producers in shaping the intelligence effort.

At the same time, however, it is questionable whether a Deputy Secretary should be concerned with intelligence for more than half of his time. This raises the issue of implementing the Blue Ribbon Panel recommendations and creating a Deputy Secretary for Operations. Such a Deputy Secretary would still have the time available to shape the overall modernization of defense intelligence, but would also have the additional responsibilities necessary to justify the existence of two Deputy Secretaries. He would also have the broad authority and functions lacking in proposals to create a number of Under Secretaries.

Further, the actual work of the Deputy Secretary's office, and of the Defense Intelligence Board, have indicated that intelligence and operations

are closely linked, and that improvement of defense intelligence should be part of the overall improvement of operational planning. There is a real functional link between ISA, OSD(NA), DTACCS, the OJCS, and defense intelligence that might logically be brought under the authority of a Deputy Secretary.

It is recommended, therefore, that the role of the second Deputy Secretary be expanded to become that of Deputy Secretary of Defense for Operations. Alternatively, the urgent priority for a Deputy Secretary who concentrates on intelligence has ended, and the intelligence role alone could be performed by filling the position of Director of Defense Intelligence.

III. THE OFFICE OF THE DIRECTOR OF DEFENSE INTELLIGENCE

The creation of the office of the Director of Defense Intelligence, with line authority over all elements of the defense intelligence community, is an essential first step in giving defense intelligence coherent management.

Defense intelligence is not yet organized effectively, however, and more needs to be done. Above all, the position of Director of Defense Intelligence (DDI) needs to be filled, and the Office of the Director of Defense Intelligence (ODDI) needs to be restructured on a more functional basis, and with clearer lines of authority and responsibility.

Accordingly, several major recommendations are made for improving the organization and operation of ODDI:

A. THE DIRECTOR OF DEFENSE INTELLIGENCE/ASD(INTELLIGENCE)

The office of the DDI/ASD(I) must not continue to be left vacant. A Deputy Secretary should not concern himself with the detailed management tasks involved, but a Principal Deputy lacks the authority necessary to bring all of the different strands of the Defense Intelligence Community together. The business of defense intelligence must have a clear full-time leader who will make basic policy decisions on substantive, organizational, and resource priorities.

Consideration should also be given to structuring this job so that it could be filled by a senior military officer. This might be accomplished by separating the role of DDI from that of Assistant Secretary. This would permit making the DDI a four star officer where appropriate. Alternatively, a senior officer might be appointed by permitting him to resign while holding the position. This has worked successfully in the British system. It should be understood, however, that there are probably both legal and political obstacles which would need to be overcome in making the DDI a military billet and creating an additional four-star billet for this purpose.

B. PRINCIPAL DEPUTY ODDI

This job is functioning well, and will still be essential when a DDI is appointed. The coordinating role of the Principal Deputy in CFI matters is of critical value. It would be desirable to extend this authority to major substantive issues if the CFI can be suitably reformed.

Further, the Principal Deputy must be a prima inter pares so that the various elements of defense intelligence have one working level decision-maker who is clearly in charge. The Principal Deputy should be a career professional, subject to change if required. He should act for the DDI to integrate production, systems, and resource management, and should carry the brunt of routine decision-making.

III-1

C.   PERFORMANCE EVALUATION STAFF (PES)

This function is only now becoming fully operational. A work plan and set of procedures has been reviewed and approved by the Principal Deputy of DDI. The most serious problem in PES operations is, however, the problem of setting work priorities. Only a limited part of the PES effort should be self-initiated. Improved work guidance is required from the DSD or DDI.

Accordingly, consideration should be given to using the PES as an evaluation staff for those issues which require independent study by the DDI and his Principal Deputy. The PES might also be used to staff major issue papers for the Defense Intelligence Board (DIB) or an expanded Defense Operations and Intelligence Board.

D.   DEFENSE INTELLIGENCE BOARD (DIB) AND PANELS

While the Defense Intelligence Board and its Panels have been useful, significant changes may be needed in their organization, function, and staffing. Detailed suggestions are presented in the report being prepared for the Secretary.

The most important of these suggestions is that the Defense Intelligence Board should be restructured as a Defense Operations and Intelligence Board or DOIB. This would recognize the fact that intelligence and operations are equal partners in improving the intelligence process, and in improving the use that operations and plans make of intelligence inputs.

While such a Board should be driven by the needs of the users, it should not have the effect of subordinating intelligence to operations. Both OJCS and DIA are now represented on the Board, but consideration should be given to making the Service Under-Secretaries the DOIB members, and not the service DCSOPS.

Other recommendations include:

-- giving the Board a major advisory role to the Deputy Secretary of Defense to expand it from a consultative or discussion-oriented forum to an advisory body focused on major issues, policy and guidance.

-- abolishing the present three User, Resources and Producers Panels, and consolidating them in one Executive Panel. This would minimize staff work, and additional expertise could be provided by the PES or ad hoc groups of experts.

-- concentrating all basic staff work in the office of the Executive Secretary. Members would then review and comment on a single action-oriented paper, prepared by the Executive Secretary or a member, and coordinated as appropriate before review by principals.

-- concentrating the effort of the DIB on a few key issues proposed either by the Deputy Secretary or individual members.

-- shaping the level of activity of the Board to match the need for Board action or review, and eliminating formal work programs or schedules.

-- continuing the DIB review of major substantive issues so that a high level dialogue can take place between users and producers, and bypass the rigidities of bureaucratic attempts at shaping major policy related intelligence efforts.

There seems to be a general consensus of the members of the present DIB that such changes could greatly improve its value to members and effectiveness.

E. THE NEED TO REVISE THE ROLE AND FUNCTION OF THE OTHER DEPUTY DIRECTORS OF DEFENSE INTELLIGENCE

The most significant changes required in ODDI are the need to provide a better management structure for production, resources, and systems. The present structure blurs lines of responsibility throughout the defense intelligence effort. It forces many component elements into duplicative work efforts, and it ensures that considerable conflict takes place among subordinate staffs.

It leaves systems management critically weak, it fails to provide a basis for effective resource trade-offs between major elements of the defense intelligence community, and it ties the production function to so many other management functions that its leadership cannot concentrate on the critical task of improving intelligence quality.

Three major reforms are necessary to correct this situation:

1. Reform One: Making DIA into a Production Agency and Changing the Role of the Deputy DDI for Production/Director of DIA

One of the concepts considered in structuring the present reorganization was transforming DIA into a production agency. DIA's sole function would then be to direct all aspects of defense intelligence production from collection to dissemination, and its multiple roles in resource and systems management would be eliminated.

There are several reasons why this idea should now be implemented:

-- rationalization of host of DIA's resource functions under the Deputy DDI(P&R), and its systems and planning functions under a Deputy DDI for Systems Management, would allow DIA to be efficiently restructured so that its sole function was to produce the best possible intelligence product.

-- the dual organization of DIA into a Vice Directorate for Plans, Operations and Support; and a Vice Directorate for Production, leaves DIA with an uneasy dualism of function that inevitably creates a thick layer of coordinating bureaucracy and of functions which have nothing to do with intelligence production. It also creates an impossible span of control for the Director of DIA, and places duplicative management and resource functions at the wrong ranks to achieve effective change improvement.

-- DIA is now tasked and judged by so many different criteria that its key purpose -- service to users -- is constantly subordinated to review of resource decisions, systems development, and other "inputs."

-- the creation of a DIA building would make sense if all production functions were concentrated in it, and if all senior production management were placed in one location. This would allow DIA to become a strong central production agency for the first time in its history. If it retains its current functions, however, it is going to greatly increase the bureaucratic coordination problem.

-- in practical terms, it is not now possible to rationalize or utilize DIA manpower effectively because too many disparate functions are under one roof. Vague or indefinite "management" functions exist which may well be necessary, but which cannot really be audited efficiently. There is no "flow" or "logic" to the structure.

-- the splintered responsibilities of the Director of DIA make it difficult for him to properly concentrate on his policy and planning support, NCA, and J-2 functions. In the Washington environment, dollar and R&D decisions tend to dominate the senior manager's time even when the impact of the decisions involved is relatively trivial. The Director of DIA needs to be de-coupled from as many such actions as possible.

-- It is recommended later in this report that DIA be given much stronger tasking control over defense intelligence PHOTINT and SIGINT functions, and be made the manager of a worldwide defense I&W or current intelligence system. The Director of DIA could not absorb such responsibilities with his present division of functions.

-- DIA has become a "whipping boy" because of the problems in both its management and production activities. It has been sharply cut, and even threatened with abolition, because it cannot put its house in order. This has had the effect of penalizing the analytic effort through cuts in analytic staffs; and through resource trade-offs which have constantly had to be made to try to fix overall management, processing, and systems problems which have immediate dollar or Congressional visibility. This creates an impossible situation. DIA cannot solve the production quality problem--which is its critical function--because it is constantly losing resources to functions with less importance.

The current organization gives DIA role and structure that is unworkable, and forces it to take the blame for problems over which it has no adequate authority or control.

Giving DIA the management and generation of production on a defense-wide basis as its sole mission would allow its Director to focus on the key activity of the defense intelligence community: proving the quality and responsiveness of the intelligence provided to consumers. It would allow DIA to be judged solely on the basis of the quality of intelligence collection, processing, analysis, and dissemination, and to defend its need for resources on clear and specific grounds. It would allow DIA to concentrate more on ensuring that collection activities and priorities reflect the overall needs of defense intelligence and are fully integrated into production, and on ensuring that the specialized expertise of the Unified and Specified Commands, and the military Services is fully used through delegated production.

It would also allow DIA to begin to come to grips with the difficult problem of developing adequate production management and quality improvement techniques. As is noted in Sections IV, VI and VII.B., DIA now lacks even the minimal documentation and software for effective production management. It is not well structured internally for effective production, and needs new staff capabilities to support urgent policy needs and strategic planning. It also has never really addressed the issue of delegating substantive intelligence production -- as distinguished from routine data base or order of battle functions -- to the Services and Commands. It does not exert suitable control over what is collected, and lacks the management tools and authority to establish a proper balance between collection and production.

This situation can only be altered through a slow process of evolution. Some specific recommendations are made in Section VII.B., and Annex A, but DIA can only determine what needs to be done through an empirical process of trial and error. DIA will never have the time or resource priorities to do this properly as long as it must cope with a myriad of budget, systems, and support issues, and rely on an internal personnel and career development system which deprives it of the talent it needs.

2. Reform Two: Restructuring and Expanding the Role of the Deputy Director for Programs and Resources (Deputy DDI(P&R)

The basic functions of the Deputy Director for Programs and Resources should remain unchanged. He should, however, be given expanded responsibility over DIA and the rest of the defense intelligence community. Specifically, most of DIA's current resource, personnel, and management support staffs should be rationalized and made part of the staff of the Deputy DDI(P&R).

Significant personnel reductions should be possible, and would free billets to improve the production and systems efforts. Similar transfers of resource managers may be possible from some of the major defense intelligence collection organizations, but this needs further study (See Section V).

This reform would make the Deputy DDI(P&R) the resource manager for defense intelligence and give him the strength to make the community wide trade-offs and program plans which are impossible under the current organization.

To organize this role, appropriately, however, the Deputy DDI(P&R) should lose his systems management and development functions and have them replaced with a strong program evaluation team. This team could formulate and evaluate options for defense intelligence-wide resource trade-offs. This will require additional systems analysis and management expertise from outside the intelligence community. It is, however, a critical reform, and essential to improving the management of defense collection agencies, and the balance between collection, processing and production.

Such reorganization and restaffing would also help to deal with one of the major problems in the current structure of defense intelligence. While defense intelligence is a multi-billion dollar business, it is still largely run by staffs who come up from the ranks with little real business or large scale management experience. Further, the defense intelligence system does little to train or develop suitable management talents, except for certain of the collection agencies.

No process of reform could suddenly improve this level of management capability throughout the defense intelligence community. Accordingly, the centralization of resource management in the Deputy DDI(P&R) should be accompanied by a shift in its personnel, and efforts at recruiting outside talent, which would provide the right talents in the most critical place. Hopefully, this will provide both an immediate improvement in management talent, and develop a cadre of promotable experts who can gradually take over key slots elsewhere in the defense intelligence community.

III-6

Finally, such reform will allow the Deputy (DDI(P&R) to deal with career development on a defense intelligence-wide basis, and end the present compartmentation in career development and career patterns between different defense intelligence organizations.

The present division of personnel planning into many different organizational efforts enforces career parochialism, and makes it difficult to use the defense intelligence talent pool efficiently. It also tends to freeze personnel in inappropriate slots because of the difficulty of giving them system wide career mobility, and it sub-optimizes training resources and grade structure in specific offices or functions. Ending this situation, and developing a suitable broad scale training program in cooperation with the other Deputy Directors, is an essential step in improving overall personnel quality and making the new system work.

3. <u>Reform Three: Establishing a Deputy DDI (Systems Management)</u>

The third reform would be to bring together all major systems design and management functions under a new DDI for Systems Management.

The current system, even with the addition of an "intelligence architect," will not be strong enough to perform the critical defense-wide management function of designing, implementing, and improving major collection, processing, and I&W systems, and manage intelligence-related systems as mandated by Congress.

Further, such system functions are now uneasily divided between DIA and ODDI(P&R). No one is really in charge. No one has the rank equivalent to the function and the resources involved. The efforts of current managers are constantly frustrated by the fact that no one has real authority, and by the fact the management hierarchy does not permit the staff grade structure and authority necessary to get the talent required.

Again, this situation reflects the fact that the management of defense intelligence has evolved in compartments, and largely as if intelligence was not a multi-billion dollar "business". Only the defense intelligence collectors have been partially successful in modernizing their systems management, and this very success has had the impact of skewing the overall systems effort towards collection and processing at the expense of effective production. (See Section V.)

Accordingly, the new Deputy Director for Systems Manager would acquire the present systems responsibility and functions of DIA and ODDI(P&R), and possibly those of other elements of the defense intelligence community as well. He would be <u>the</u> systems manager for all of defense intelligence and intelligence-related systems, and would make systems trade-offs as the ODDI (P&R) would make resource and program trade-offs. He would also assume full development, management, and evaluation responsibility subject to the obvious checks and balances of having to meet the needs of the Director of DIA, and conform to the program management and evaluation of the Deputy DDI (P&R).

It will also be necessary to develop a strong evaluation staff and this will require outside expertise. It is essential that this evaluation staff be dominated by a management expert and staffed primarily by non-technical management experts.

The past organization has tended to make systems development a technology "hobby shop". It has driven defense intelligence resources into technology and away from manpower and analytic capabilities. This has put too many resources into centralized collection systems that do work, and into central processing systems and analytic aids that do not.

The reorganization earlier this year reduced this problem, and followed the trend of most of private industry in putting systems under managers rather than technologists, but needs to be more fully implemented.

Some members of the defense intelligence community have noted that such checks and balances may be difficult, and suggested that it is the individual producer or user who should control the development of his systems. This, however, has been the major weakness of past defense intelligence management. It leads to constant sub-optimization of individual sub-systems at the expense of overall capability, and it leaves no one in charge and no one responsible. Such a management approach makes it impossible to enforce overall system coherence and integration, and leads to implementation of "pet projects"--often at great cost--throughout defense intelligence. It makes cost-effective management of ADP, and standardization, equally impossible. It is not a valid management option; it is fundamentally unworkable.

F. DEFENSE INTELLIGENCE SUPPORT AGENCY

Consideration should also be given to establishing a Defense Intelligence Support Agency to manage the provision of common services to defense intelligence community. Such an Agency would provide continuity and flexibility in hiring expert personnel, place common service activities on the proper organizational level, and help to reduce or eliminate duplication of function within the individual defense intelligence agencies.

Such an agency might be placed under the line authority of the new Deputy Director of DDI for Systems Management. Similar management structures have proved successful elsewhere in the Department of Defense, and might do much to rationalize current processing, ADP, communications, I&W, reference services, printing, and other common user functions.

It would also provide a means of staffing expert designers, architects, and expert program evaluators in the same staff as the actual system managers. The present system makes it difficult to hire and fire such expertise, and compartments design, operations and evaluation.

G. DEPUTY DDIs FOR PHOTINT AND SIGINT

A final, more radical, option might also be considered. The recommendations made in Sections V and VI would create a Vice Director in DIA for Collection and give him enhanced authority over defense intelligence collection efforts. The strengthened Deputy DDIs for Programs and Resources, and Systems Management, would also help to bring the collection effort under full management control.

It might be desirable, however, to go further. There are to major options for such action.

-- place the defense-wide SIGINT and PHOTINT effort under a separate "Deputy Director of DDI (PHOTINT), and Deputy Director of DDI (SIGINT)". This would clearly end the semi-autonomous status of the current collection organizations, and place them fully under the DDI.

-- create a single Deputy Director of DDI (Collection Management). This would end the compartmentation of SIGINT and PHOTINT into separately managed streams of effort.

The problems inherent in such proposals need careful study and are discussed in more depth in Sections V, VI and IX. It is essential that any such reform should not be regarded as an endorsement of further centralization of collection assets. Study urgently needs made of the impact of past centralization on the Unified and Specified Commands and tactical commanders.

Putting NSA and the defense reconnaissance activities under one or separate DDIs might, however, place defense collection under central defense management and give the DCI a clear point of contact in the DDI for implementing management guidance on national collection priorities.

H. MANAGEMENT FLOW AND CHECKS AND BALANCES

The recommended pattern of reorganization would create three interacting flows of management activity--production systems, and resource management--under strong central direction with enhanced authority over NSA and the national reconnaissance entitles.

It would rationalize management and staff activity by function, and make managers clearly responsible for activity within a proper span of control. It would set up a strong program evaluation capability throughout defense intelligence, and this would provide proper checks and balances without duplication of function or responsibility.

III-9

IV. DIA

IV. THE DEFENSE INTELLIGENCE AGENCY

DIA is providing a better product in many key areas of production.
It has improved the responsiveness of its current intelligence efforts to
consumers, and has made significant improvements in the defense intelligence
indications and warning effort. It has pioneered some impressive new uses
of analysis during the last year, and Defense Estimates (DE) is now studying
how it can make a concerted approach to improving its analytic techniques.
There have also been important improvements in the quality of science and
technology reporting on the threat, and in the use of operations research
by the S&T intelligence community.

Nevertheless, this process has been piecemeal, and more needs to be
done to improve the quality of the defense intelligence product. Three
fundamental organizational changes in DIA have been suggested to achieve
this goal:

-- transform the DIA into an agency whose sole mission is managing and
conducting intelligence production and who would direct all relevant collection
processing analysis, and dissemination activities for the defense intelligence
community. DIA would then cease to be a multi-role staff.

-- strengthen DIA's production management authority over the defense
intelligence community as a whole.

-- give DIA a role and mission, and span of control, that will allow
its Director to function successfully.

The following recommendations would make further improvements in the
organization and operations of DIA. Most could be implemented even if it
does not prove possible to make major reforms in the organization of ODDI.

A. THE QUALITY OF PERSONNEL: DIA'S MOST CRITICAL IMPROVEMENT PRIORITY

The most critical priority for improving the operations of DIA is
its personnel. Major problems in manpower numbers and manpower quality now
limit the freedom of the Director of DIA to take advantage of any improvement
in DIA's role and mission or organization:

1. The Problem of Manpower Numbers

DIA has suffered from a steady attrition of its total manpower
during the last five years. This attrition has resulted from a mixture of
general downward trends in defense manpower, and from specific cuts in DIA
which stemmed from Congressional and OSD dissatisfaction with DIA's performance.

The result is that the Director of DIA now has little real
flexibility in implementing change. He is burdened with a large cadre of
management and analytic personnel who are not adequate for their current

positions, or who have never been given proper training. He is constrained by civil service regulations and military career patterns from making really effective changes in such personnel, and from hiring or selecting the outside talent he needs.

Further, continuing DoD personnel cuts and the threat of additional Congressional reductions, place the Director of DIA in a position where he cannot get the "slack" in total personnel numbers to establish new functions or hire new talent and capabilities. No increments are available to provide such slack, and the Director cannot get it by "hiring and firing" civilian or military personnel efficiently under present constraints and regulations. This forces him into a bureaucratic paradox. He cannot make the reforms he needs to demonstrate progress without more and better manpower, but he cannot defend his present manpower level convincingly without such reforms.

Accordingly, Congressional frustration with DIA which takes the form of personnel cuts, plus the general downward trend in DoD personnel, now block the improvement of DIA. A major effort is needed to make the Congress aware of this, channel DoD reductions to other elements of defense intelligence, reform flexibility in "hire and fire" capability, and give DIA a period of grace.

Further, ODDI should act to allow personnel trade-offs to be made from other elements of defense intelligence which will give DIA the new staff elements and expertise it needs while a sound basis is established for reducing lower quality staff. In this case, effectiveness is more important than economy. DIA needs to be fixed first, and not pressured into trying to do more and better with less.

2. The Quality of Leadership and Analysis

DIA now lacks a sound cadre of high quality senior military and civilian managers. Far too many of its personnel have come up through a system that never properly trained them and never really managed their career development. Many have gone up simply because they endured. The result is not the fault of these personnel, but it is not a sound basis for effective management and operations.

DIA has also suffered from the tendency to fund hardware rather than career development. It lacks the ability to train and reward high quality personnel that has been granted to CIA and the defense intelligence collection organizations.

Although DIA should be the essential core of defense intelligence, it has never been treated as such in managing the career development of either DIA's analysts or managers. The central importance of DIA must now be properly recognized. Suitable major improvements are needed in training and career development efforts and funding. Slack is needed in total personnel numbers to release personnel for career training. And, a major effort is needed to develop new training and recruitment methods to obtain properly skilled managers and analysts.

3. Personnel as a Defense Intelligence Wide Issue

Establishing a strong ODDI (Programs and Resources) should make shifting personnel management from an agency-by-agency basis to a defense intelligence-wide system one of its critical functions. DIA should not be limited in its efforts to become the best intelligence agency by internal shifting of 4,300 personnel. ODDI should be trying to create the best possible overall capability by adjustments in its total manpower pool of some 50,000.

More flexibility in personnel transfers within all of the defense intelligence community is needed to give DIA priority and furnish alternative career paths to competent personnel who are not quite competent enough for DIA.

4. Personnel as a National Intelligence Issue

DIA should not have an inferior grade structure, rate of promotion or flexibility in personnel selection and retention to NSA, CIA and the IC Staff. Such restrictions now sharply limit what DIA can do to improve its quality. For example, DIA now has far fewer supergrade promotion opportunities than CIA. Study is urgently needed to determine how DIA's ability to recruit and reward top quality leaders can be made equal to that of other members of the Intelligence Community.

B. INTERNAL CHANGES IN ORGANIZATION AND FUNCTION

Changing the role of DIA to that of a production agency, and giving it the basic tools to improve the quality of its leaders and analysts, has priority over detailed changes to DIA's internal organization. Nevertheless, steps need to be taken to complete the reorganization begun in 1976, and to strengthen DIA's role in managing the production efforts of the entire defense intelligence community. Most of the suggested changes would be of benefit, regardless of whether DIA were converted to a purely production agency.

1. Deputy to the Director

The current Vice Directorates are too divided in function to provide for easy coordination and management. At the same time, the Director of DIA must spend much of his time in functions outside DIA. A Deputy Director is needed who would be the full-time manager, and who would rank both Vice Directors. This requirement for a Deputy, as alter ego to the Director, would persist if DIA were limited to production functions alone.

2. Vice Director for Collection Management

Defense intelligence needs a strong central collection manager which can put the substantive SIGINT, HUMINT and PHOTINT effort under a single senior tasking authority, and who can make adequate trade-offs between the tasking of all collection systems.

This official should be subordinate to the Director of DIA to ensure that collection is directed by production. Such a position might require downgrading of the role of the Director of NSA, and of the national reconnaissance entities.

It might also require consolidation of certain SIGINT and PHOTINT management staffs, and expansion of the Collection Coordination Facility (CCF) (See Below). This seems the only feasible way to bring the various pieces of the collection effort together under tight central defense management capable of trade-offs within the collection effort, and placed where the Director of DIA could make decisions regarding the balance of collection, processing, and analysis within the production effort.

The Collection Coordination Facility (CCF), however, should be placed under the control of the National Military Command Center (NMIC) and the overall direction of the Vice Director of DIA for Production for operational purposes. The Vice Director for Collection should concentrate on improving the overall quality and coordination of collection support of production, examining new methods or approaches to obtaining and using collection, and improving methods of tasking and fusion. This role is discussed in more detail in Section V.

3. Giving the Deputy Director for Current Intelligence (DN) Enhanced Authority and Control of a Formal Defense Intelligence Current Intelligence and Indications and Warning System

Serious consideration should be given to strengthening the staff and role of the Deputy Director of current intelligence and dividing its role and functions more sharply from those of the Deputy Directorate for Intelligence Research (DB).

a. Strengthening the Independent Role of the Deputy Directorate for Current Intelligence

The current close links between DN and DB can be rationalized on the ground there is overlap between their functions, and that DN must draw on DB personnel for some of its tasks. At the same time, however, there are good reasons for fully splitting the two organizations.

-- DN needs its own specialized and professional cadres. The watch and I&W functions need special emphasis, and DN personnel should be given special training and organization.

-- DN and the NMIC are dependent upon a range of complex systems and ADP aids which involve special management, design, and training responsibilities. Expanding DN seems justified in terms of this function.

-- DN and DB are physically split now, and the situation will grow much worse when DB is located in the DIB building. DIN should be able to operate without DB support.

-- The DN/NMIC function is critical to defense operations, it merits the upgrading of the NCA, and role of DIA as J-2.

-- DB now tends to be forced into the role of wr..ting analytic intelligence at the expense of I&W and watch functions. There are some elements of a pressure to publish in areas where the result has limited value and detracts from focusing or critical recent intelligence or trends.

b. <u>The Need for a Designated Manager of the Defense I&W Function</u>

Most significantly, DN is the cadre around which an effective defense indications and warning system can be built. Defense now l as formal I&W system, and this needs to be changed before another crisis or intelligence failure.

DIA now has major organizational problems in conducting its I&W function. The DoD Indications System was established in 1961 based on eight Air Force centers then in existence. DIA was given authority over the system by DoD Directive 5105.21, which established the DIA, and was subsequently accorded some additional authority by the Defense Intelligence Plan of 20 February 1967.

Unfortunately, DIA's grant of authority under either of these directives is only implicit and at best fuzzy. DIA can only formulate general guidance for the system, (which it does through Defense Intelligence Manual 57-6, "The DoD Indications System"). Lacking firm centralized management, the system has tended to develop over the years into a "confederation of volunteers" rather than a well organized whole.

There are other factors which contribute to the organizational problem. The U&S Commands quite legitimately prefer that their particular I&W centers remain fully responsive to local needs. They may therefore view a strengthened DoD I&W system as a potential source of interference.

There are also divergent views between DIA and the individual commands about what their roles and responsibilities are or should be. Additionally, several new elements -- NOSIC, NSOC and the military service intelligence elements -- have arrived on the scene, all of which have an I&W role but are not now system members.

Within the past few years DIA has attempted to refine the system's organization and responsibilities through such efforts as:

-- Project 1955 for the systematic modernization of the worldwide system,

-- Documentation on what the system now is and what it should be,

    -- A draft DIA regulation establishing this Agency as
the system's manager,

    -- Closer relations across the board between the field
I&W centers and the DIA, and

    -- Plans to facilitate inclusion of other DoD elements
within the system.

    DIA now requires additional authority to "manage the DoD
I&W system," e.g., establish and enforce performance standards, assure ADP
hardware compatibility, prescribe minimum personnel qualifications, exercise
alert postures, create a standardized vocabulary and doctrine, and generally
make the system more responsive and time-sensitive. DoD Directive 51015.21
and the Defense Intelligence Plan must be revised to acknowledge the existence
of a DoD Indications System, and assign it DN as a leader or manager.

    Everything DIA now does concerning the system is done under
the general authority listed in 5105.21 to "conduct coordinating and planning
activities to achieve the maximum economy and efficiency in the conduct of
all DoD activities." DoD 5105.21 <u>does</u> direct DIA to "establish and maintain
the DoD Indications <u>Center</u>", but not the entire I&W system. A suitable revi-
sion of the Directive is now awaiting signature.

4. <u>Combining the Deputy Directorates for Estimates (DE) and
    Intelligence Research (DB)</u>

    In contrast, the split between Estimates (DE) and Intelligence
Research (DB) seems to be justified more on grounds of elitism than substance,
and produces major problems in coordinating the analysis effort. Aside from
continuing bureaucratic conflicts, the major problems which exist are:

    -- Compartmenting the analytic work on estimates away from
current intelligence research.

    -- Splitting of the substantive effort into non-functional
categories.

    -- Over-orientation of the estimative function towards support
of national products and away from supporting DoD strategic planning.

    -- A tendency to "politicize" the DE effort by its separation
and national orientation.

    -- A tendency to make DE an "Old Boys Home" by taking the best
analysts away from their sources. This seems to be reflected in the attitude
that DE has better people so it does not need to aggressively verify its data
or adopt new methods. Put differently, there is a tendency for good analysts
to rely on their past perceptions and success.

-- A lack of integrative drive within DB. The estimator should be the analyst who forces the input work to come together in a coherent whole. Too often he seems to take the output of DB and then uncritically turn it into "estimates."

This situation would only be partly corrected by co-location of DE and DB in a common building. The critical requirement is to tie the entire research effort together within each substantive areas, and to eliminate managerial layering and artificial functional divisions.

5. Expanding the Role of the Deputy Directorate for Scientific and Technical Intelligence (DT)

DT has steadily improved its performance during the last year, and has demonstrated good capability to move beyond engineering S&T to operations research analysis. This trend should be encouraged, and any remaining bureaucratic or organizational barriers to broaden interpretation of the S&T function should be eliminated.

It is suggested that this should be formally recognized by re-organizing DT as the Deputy Director for Scientific, Technical, and Operational Effectiveness Intelligence (DTE).

A more selective and at the same time stronger management needs to be exercised by DT over that portion of Service S&T production which responds to OSD and national needs. DT exercise of this specific and selective management must carry the full weight of authority to task and specify priorities and standards on behalf of the DDI.

6. The Role of the Intelligence Production Management Office (DM) and the Need for Improved Production Planning

While the organization of DIA production planning is under study, a preliminary examination of some of the options indicates that more needs to be done to centralize and improve defense production planning systems. Above all, DIA must establish clear goals for making qualitative improvements in its product, and for tying its production efforts together into a coherent structure. Specific recommendations for such improvement are discussed in Section VII.

7. Coordination Offices for OSD and the Tactical Commands

A wide range of different studies and discussions during the year indicate that DIA is correct in establishing an OSD support office to parallel that established for the OJCS. Study is also needed, however, of the possibility of establishing a similar support office for the commands and tactical consumers. More effort needs to be made to surface command needs in forums where they can be balanced against national level and DoD level priorities. The tactical consumer needs both "visibility" and advocacy at DoD headquarters.

8. Deputy Director for Command Support and Tactical Affairs

DIA should also examine the value of setting up a special Directorate to deal with Tactical and Intelligence Related affairs. No

one is now clearly in charge of a dedicated effort to improve overall support to the Tactical Commander, or the interface between intelligence and intelligence-related capabilities. The Congress is correct in identifying this as a major problem in defense intelligence management, and even if DDI does not "manage" intelligence-related systems or budets, he should have a full time staff in DIA, at a suitably high level, working on the issue.

If at all feasible, this should be accomplished by having liaison officers from the commands work together under a DIA director. DIA does not need another filter between it and the commands, or a staff that will have to guess at command needs. Accordingly, the link between the members of this staff and the commands should be so direct that its members act as the representatives of the commands and not as regular staff members of DIA.

9. Expanding the Role of the DIO Office

Developing and implementing such a plan may require DIA to set up a small net assessment and systems analysis staff. This might be co-located with the DIOs, or made part of an expanded DIO office. The problem with the DIO system now is it is understaffed to perform its role, lacks a suitable substantive management role, and lacks the supporting expertise to provide immediate support in improving analytic and collection quality. The DIO system is working substantially better as a result of changes made by the Vice Director for Production, and further evolution in the same direction might make it even more effective.

10. Strategic Intelligence Staff

One of the problems that has emerged during the last year is the need for a staff which can undertake the task of strategic intelligence planning. Such a staff might best combine planning and intelligence and report directly to the Deputy Secretary for Operations.

If this is not possible, careful consideration should be given to creating a small staff group under the Director of DIA or Vice Director for Production which could combine enough intelligence, net assessment, systems analysis, and policy planning experience to focus on critical strategic intelligence issues.

11. Establishing a Deputy Director for Support to Policy and Planning

Another major problem faced by intelligence is that the intelligence priorities of major decision makers can change over night, and resources then have to be shifted suddenly to support new policy or planning needs. Such changes now have a tendency to "whipsaw" the defense intelligence community as new staff efforts are improvised and regular functions are disrupted to "crash" over a key issue.

The process is made much worse than it need be:

-- Inexperienced staffs suddenly are responding to senior decision makers and doing so with tasking which is often wrong or heavily filtered.

-- Experts in given area of intelligence are suddenly asked to be high grade analysts. The result is considerable confusion, a great deal of unnecessary drafting and rewriting, and a slow process of finding the analytic skills necessary to transform facts into usable truths.

-- Assigning such tasking to a given element or component designed to work on other issues leads to significant coordination problems, and often to a failure to bring expertise together on a defense intelligence wide basis.

-- There is a strong tendency to "dump" all available data on the decision maker in lieu of knowing what he wants and needs, or how to analyze the information available.

-- The system over-reacts, over-produces, and is vulnerable to having many different assistants to policy makers produce follow-up tasking or duplicative questions. Much more work is usually done than needs to be done.

It might be useful, therefore, to set up a small Deputy Directorate for Policy Planning and Support of 10-12 truly competent analysts. These should have broad training and experience to handle such sudden policy level tasking or "crashes". This Deputy Directorate might not cope with truly major crises, but it would develop a group that would learn the needs of individual decision makers well enough to give them what they want, limit unnecessary work, and say to to duplicative user staff requests or low priority follow-up work. This group would also provide the kind of analytic skills necessary to draw on expertise effectively, and with minimum disruption of the regular work effort.

C. ISSUES FOR STUDY

There are several less critical issues which deserve further study;

1. Location of Senior Managers in the DIA Building

Past experience indicates that if DIA gets a new building, senior managers will try to stay in the Pentagon "where the action is". The problems are obvious. Managers become concerned with the needs of the Pentagon rather than managing their own staffs. Study is needed to determine whether any DIA personnel, aside from the Director of DIA and essential NMIC and DIN personnel, should be allowed to stay in the Pentagon.

2. The 0-5 and 0-6/GS-14 and 15 Problem

DIA is now studying means of reducing its layers of middle managers. A hard outside look is also needed, however, at the role played by present 0-5 and 0-6 military personnel, and GS-14 and 15 civil personnel, in management. There are indications that too many military personnel are rotated into DIA on grounds of rank and the need for military slots when

they are not qualified. The option of making cuts in the rank and number of
0-5 and 0-6 slots available to DIA should be examined. So should options to
free present GS-14 and GS-15 slots held by personnel lacking suitable quality
or skills. These long service civilians often combine with inadequate senior
service military officers, to sharply degrade the quality of DIA middle manage-
ment.

3. Supergrade Relief

Taking a devil's advocate position, DIA may be seeking supergrade
relief before it has demonstrated how this will improve the product. DIA
should be asked to provide specific justification on the grounds of how new
talent can be provided, and how this will improve the production process,
and be asked to compare the value of such relief against faster promotion
at lower grades.

V. SIGNINT AND
PHOTINT

V.   DEFENSE SIGINT AND PHOTINT ORGANIZATIONS

The National Security Agency, and other managers, have done an outstanding job of improving national SIGINT and PHOTINT systems. They have done so with a high level of management quality, and have managed to maintain a higher level of personnel quality than the Defense Intelli- gence Agency and higher standards of professionalism.   The result has been a steady growth in the quality of "national" or centralized defense intelligence collection capabilities.

A.   THE PROBLEM OF SUCCESS

Yet this success has the somewhat ironic impact of creating serious problems in the overall defense intelligence effort.

-- the Blue Ribbon Defense Panel comments regarding the imbalance between what defense intelligence collects,and what it analyzes, seem as true today as in 1970. While massive resources have gone into new collection and processing systems, analysts resources have declined and cannot adequately cope with the result. There seems to be little current prospect that planned improvements in processing and aids to the analyst will prevent programmed improvements in collection systems from making this situation worse in the future.

-- The improvement in collection capability has often been driven more by technological opportunity than requirements for the result. There is a good case for implementing technological innovation before precise requirements statements can be developed, but the process seems to have gone too far. It has put too much of the R&D funds, and too many of the top people, in supporting one-third of the effort.

-- The improvement in centralized systems has taken place at the cost of removing systems in the field, and possibly at the cost of providing proper support to the Unified and Specified Commands and tactical user. It is far from clear that the pro- mises made to the tactical user in concentrating resources on "national" systems will be kept. This is discussed in more depth in Section VI.

-- The fact that SIGINT and PHOTINT are managed through sep- arate systems, which are compartmented away from the rest of defense intelligence management, has led to three separate streams of collection management:

o   a strong and steadily more centralized SIGINT effort managed by NSA with little real central collection, development or production planning authority being exerted from the top.

o   a somewhat similar situation for PHOTINT with the
additional problem that collection and processing are
more sharply decoupled from production.

o   a weak HUMINT effort, led by DIA and the Services, which
is sharply fiscally constrained.

-- This compartmentation has left HUMINT weak, and has prevented a
serious effort at trade-offs which reach across collection systems.

-- It has also tended to decouple detailed processing of SIGINT
and PHOTINT data, and to limit the scale of the effort devoted to all-source
collection analysis. This, in turn, has led collectors like NSA to
tend to become all-source analysts and producers. It has also led
collection staffs to go out and "market" the portion of their product
that over-burdened analysts cannot handle. This creates friction
between the collector and producer, and to pressures by collectors
to become independent national agencies.

-- the current system makes it difficult for SIGINT and
PHOTINT improvements in near real time collection capability to be
processed in such a way that interactions between SIGINT and PHOTINT
data will be properly explored. This makes it difficult for photo
managers involved with new types of imagery to make proper use of
the expertise of the signals community.

-- the centralization of defense collection assets has led to
their being called "national". This creates a confusion as to what
these assets really do, and must be used for, and this is compounded
by the collector's "marketing" of their product to users outside
the Department of Defense. This creates the risk that systems whose
primary function is military intelligence can become more and more
oriented towards other users, and subject to tasking for national
policy purposes when they should be used to support military planning
and operations.

B.   THE IMPACT OF THE 1976 REORGANIZATION OF DEFENSE INTELLIGENCE

The 1976 reorganization of defense intelligence placed NSA and
defense PHOTINT managers under a Director of Defense Intelligence with the
authority to bring the three streams of PHOTINT, SIGINT, and HUMINT collection
together under central management. It failed, however, to fill the position
of DDI, and it failed to create a structure within ODDI which could implement
the authority it provided.

V-2

The result has been that major PHOTINT and SIGINT decisions are now filtered through the senior decision-makers in ODDI, but that no management substructure exists for bringing collection, processing and production into balance; bringing coherence to the overall systems design effort, or making hard resource trade-offs.

The 1976 reorganization also failed to solve a real world dilemma. The defense SIGINT and PHOTINT efforts are successes. While this very success steadily reinforces the problems in the defense collection effort, it is difficult to exert outside management authority without an effective management staff and system in ODDI. Any effort to control good management with bad management could make things worse, and have the impact of "killing the goose that lays the golden eggs."

C. SOLVING THE PROBLEM OF COLLECTION MANAGEMENT

Making the Office of the Director of Defense Intelligence fully effective is a pre-condition to exerting effective control of the defense collection agencies and offices, and bringing collection into balance with analysis. The previous recommendations regarding ODDI and DIA are intended to lay this groundwork:

-- the Principal Deputy DDI would support the DDI with coordinated policy recommendations, and act to tie all elements of the defense intelligence community closely together in coordinating inputs to the CFI, NIFB and non-intelligence staffs.

-- the strengthened Deputy DDI (Programs and Resources) would have the staff necessary to carry out suitable program evaluation, and recommend major resource trade-offs which cut across the lines between collectors and collection and analysis.

-- the proposed Deputy DDI (Systems Management) would have central management control over the development of all major intelligence systems, and the authority to integrate the development of future collection, processing, and analysis systems. He would also have the kind of program evaluation capability which could examine the management, technical, and functional quality of each system and monitor progress in system development.

-- the Deputy DDI for Production and Director of DIA would have a Vice Director for Collection who would have the rank to task the overall collection effort and bring together the various streams. His office could also be expanded, by taking analysts out of current collection agency staffs, to improve the weight of effort at all-source analysis. Finally, he would have the ability to set priorities which involved potential trade-offs in the weight of the substantive effort made by given collection systems.

Such changes would not require major changes in the present organization of NSA or other relevant offices, and would not "fight success with failure." It would allow proper control and management to evolve with only minimal changes in the present organization of ODDL.

D. AREAS FOR STUDY

It will take time for such changes to be implemented and there is a need for management analysis that is independent of the need for such changes. An outside study group, under the direction of the Principal Deputy to the DDI, should examine the present collection organization, and the balance between PHOTINT, SIGINT and HUMINT. It should look at the balance between collection, processing, and resources, and the possibility of over-centralization. Such study would lay the ground work for action by an effective management system.

Such study might examine the feasibility of creating a Defense Collection Agency under a single Deputy DDI for Collection to integrate the collection effort. A more moderate reform would be to place NSA and the defense reconnaissance entities under separate Deputy DDIs for PHOTINT and SIGINT. In any case, full scale study is needed of the future interface between SIGINT and PHOTINT systems, and of the impact of potential collection denial activities.

VI.

SERVICES
AND
COMMANDS

VI.   THE ROLE OF THE SERVICES AND THE UNIFIED AND SPECIFIED COMMANDS

There are six major streams of defense intelligence activity:

--   support of the national intelligence effort, and users outside
     of the Department of Defense.

--   support of the Office of the Secretary of Defense, and the Office
     of the Joint Staff, in policy and force planning.

--   support of OSD and OJCS in operations including the exercise
     of the National Command Authority.

--   support of the Services and Defense Agencies in their planning,
     development, and management functions.

--   support of the Unified and Specified Commands.

--   support of the tactical commander in the field.

There is a natural tendency, with policy and resource management
concentrated in the Washington area, to give the first three streams of
activity priority. In practice, this means concentrating on the needs of
the President, Secretary of Defense, Joint Chiefs, and Director of Central
Intelligence.

Such priorities are valid in part. The needs of senior officials
should take precedence over lesser needs. At the same time, the services,
commands, and tactical user must also be served efficiently, and their
needs may suddenly acquire critical priority in a crisis or conflict. It
may also be argued that good Command and tactical intelligence are critical
to the readiness that makes deterrence effective and that a proper resource
balance between policy and tactical needs is critical to U.S. security.

Several senior officers have raised the issue that this tendency to
give national and OSD/OJCS users priority has concentrated too many intelli-
gence resources on serving senior user. That it has structured collection
and processing systems in ways which make it difficult for major commanders
or tactical users to be sure they will get the intelligence support he
needs in crisis or war.

Other officers and civilians have questioned what they feel is a
tendency to over-centralize intelligence resources in DIA, NSA, and defense-
wide photo systems. They feel that the Services have intelligence expertise
that cannot be duplicated in centralized staffs and which is not being pro-
perly utilized. They argue that special Service needs are not staffed at
the priority they should command.

A. THE ROLE OF THE UNIFIED AND SPECIFIED COMMANDS

The Blue Ribbon Defense Panel report of 1970 recommended that more emphasis be placed on the role of the Unified and Specified Commands. It stressed the fact that it is such Commands that must conduct detailed military operations, and do the bulk of contingency planning.

It is also such Commands who must use the bulk of the intelligence available in a conflict, and which require the most detailed support in peace. Yet, several senior officers feel that the intelligence community has moved in the other direction, has weakened the intelligence support available to such commands, and has not responded to meet new intelligence requirements. They raise the following issues:

-- theater intelligence assets, and dedicated collection and processing systems, have been steadily reduced.

-- emphasis have been placed on so-called "national" collection systems which are tasked and managed in the Washington area, and whose efforts are growing in support of other users.

-- "national" collection systems are often procured or improved on grounds of support theater and tactical users, but these users in fact receive lowest priority and often see budget cuts take the form of removing the processing and readout systems necessary to use such systems.

-- "national collection" systems lack many of the capabilities of the tactical or theater systems they replace. They are not as responsive, cannot provide the same degree of real time coverage, and lack suitable fine grain resolution.

-- the theater or tactical user can have no assurance of getting the priority he needs in a crisis or conflict. There is a major risk the Commander has lost dedicated assets to Washington controlled systems which will be serving the interests of high level Washington users when they should serve operational commanders.

-- "national" systems do not allow the Unified or Specified Command to obtain the "tailored" or specialized support they really need. Such systems do not allow the Commands to modernize to keep up with the threat.

The Command must then cope with this situation by seeking tailored intelligence capability through the separate funding of "intelligence related" systems, which often partially duplicate intelligence systems, are not fully capable of meeting intelligence needs, and are hard to fully integrate into the command structure.

-- "national" systems emphasize PHOTINT and SIGINT at the
expense of HUMINT. HUMINT cannot be "nationalized". On the other
hand, PHOTINT and SIGINT cannot perform many of the tasks that HUMINT can.

It is not clear how valid these issues really are. Command biases
would tend to produce such comments in any system where dedicated assets have
had to be traded for national systems. The issues are important enough,
however, so that they merit "zero based" analysis.

They also merit a separate planning and analysis effort to
explicitly consider what future trade-offs should be made between national
and command systems and capabilities. It may be that the emphasis on high
technology national collection systems is not as cost-effective as improving
the delegated production efforts of the Commands. These are hard trade-offs
to determine, but they should not continue to be made by default.

The issues also need to be surfaced because the Washington level
user and producers need to be fully informed of the effect of their decisions,
and use of intelligence sources, on the command and tactical "streams".
As noted earlier, command and tactical intelligence requirements need more
visibility and high level advocacy. They are now remote enough to be ignored
or inadequately supported.

B. THE TACTICAL USER

It can be argued that the tactical user's needs for intelligence
are simply an extension of the needs of the Unified and Specified Commands.
Certainly, the issues that potentially weaken the intelligence support to
the Unified and Specified Commands would also weaken support to the tactical
user.

Various experts, however, have indicated that additional
organizational issues need consideration:

-- the tactical user now depends on a complex array of intelligence,
intelligence-related, C^3 and targeting systems. This dependence is
planned to grow steadily in the future. Yet, its development seems
poorly planned, and divided among different elements of DoD without a
proper set of goals or effort at integration. Such problems go beyond
the weaknesses in the management interface between "intelligence" and
"intelligence-related" systems discussed earlier. They involve the
overall structure of "information systems", including C^3 and battlefield
management systems, at each major level of tactical command.

-- the U.S. tactical user is faced with a potential opponent with
similar systems, and capable of waging electronic warfare of many
kinds. The tactical user thus needs more than intelligence assets
which are properly integrated into an overall system with intelligence
related and command and control assets. He needs assets which match
the capabilities of threat units and which are secure against various
forms of electronic warfare and other countermoves. It is unclear

that an effective effort is being made to compare U.S. and threat
capabilities and integrate this comparison into plans and development.

-- many tactical and command systems have potential peacetime
as well as wartime applications. It is unclear that a proper effort
is being made to use design systems for peacetime purposes or to use
such "micro" collection capability to gather data on the "softer"
and more complex aspects of threat force readiness and training.

The actual importance of these problems is unclear, as is the
nature of the management and planning problem they present. There is
enough comment about such problems by operators and producers, however,
to indicate that they merit serious independent study carried on outside
the current management and planning effort. Further, better management
systems are clearly needed to monitor what is happening at the tactical
level, and to provide a comparison between the trends in U.S. and threat
capabilities.

C. THE INTELLIGENCE ROLE OF THE SERVICES

A number of senior defense intelligence officials, even some
within DIA, have raised serious doubts about the extent of centralization
in defense intelligence that has taken place in DIA and NSA. They feel that
there may be a good case for delegating a number of detailed functions
back to the Services, and focusing DIA's efforts on support of the national
user, OSD, the OJCs and Unified and Specified Commands. The most common
complaints are a lack of proper support of the Service R&D efforts, and
the quality of DIA's analysis of threat trends and actions affecting a
single service.

It is difficult to determine how much of this feeling is a
frustration with the quality of DIA and the present defense intelligence
organization, and how much represents a valid need for improved intelligence
support to the Services. It is also not possible to distinguish clearly
between complaints about support to the Services and complaints about support
to the Commands. The amount of feeling is significant enough, however, to
merit investigation, and study of (a) the adequacy of intelligence support
to the Services, and (b) the value of options for added delegation of
responsibility to the Service intelligence branches, particularly in the
production of basic counterpart (naval/maritime, aerospace, land warfare)
intelligence. This study does not seem to have the priority of reviewing
intelligence support to the Commands and the tactical user.

CONTINUED

VII. SYSTEMS
AND PLANS

VII. MAJOR SYSTEMS, PLANS, AND MANAGEMENT STRUCTURES

The need to reform the present defense intelligence personnel structure, create improved methods of training and recruitment, and create an effective defense intelligence indications and warning system, have been discussed in Section IV.

There is an equal need to reform other aspects of the way defense intelligence operates. Staff Reorganization can only affect the way management is structured, and reform is needed in the way management operates.

A. THE PLANNING CYCLE

The studies that led to the new organization in early 1976, noted that no organization could overcome the lack of planning, guidance, and effective PPBS system. These problems remain, and the additional failure of the DCI to advance workable national planning concepts makes the situation worse than it was at the beginning of 1976.

The defense intelligence planning cycle is now a failure. The planning and programming aspects of the cycle are little more than an empty shell. Only the resource managers are doing their job, and they must now do the job of the substantive planner, the systems planner, and the policy planner.

The following steps should be taken to correct this situation:

-- The Principal Deputy of DDI should be given specific responsibility for the defense intelligence planning cycle, and for defense inputs to the national system. He should rely on tasking authority and approval authority over subordinate staffs rather than work through "layering" a new support staff.

-- A new family of defense intelligence guidance and planning documents must be developed under the direction of the Principal Deputy DDI.

-- Planning documents must be based on a detailed examination of long-term options for improving the capabilities of defense intelligence with specific recommendations for major pro-ram changes. They must focus on making real decisions, and not repeat the present focus on generalities, conventional wisdom, and rejustifying the present baseline.

They must specifically address the balance between collection, processing, and resources, and the trade-offs between investment in future modernization and present capability. They must set specific objectives to be achieved, and develop indicators that will measure whether basic planning assumptions remain valid.

Above all, they must provide the kind of content that will shape programming. Further, all planning activity must be oriented towards clearly defined priorities for improvement in the substantive product. New systems or efforts must not be justified on the basis of innovation alone: they must be specifically related to what they will do for the product.

-- Programming documents must then look across all elements of the defense intelligence community and make explicit trade-offs where necessary. They must highlight major production, system, and resource issues. Clear objectives must be set to measure the continued validity of program plans. Again, the focus must be improvement or change in the substantive product. Programming must not be continued on a "bits and pieces" basis.

-- The cycle must be opened up to users. The community now operates on a closed basis and hides most of its planning effort behind a green door. This has continuously proven to lead to intelligence PPB documents which do not adequately reflect user needs and views, and which set priorities of interest to defense intelligence at the cost of providing proper service to its customers. Accordingly, all major documents in the defense intelligence planning cycle should be reviewed by the Defense Operations and Intelligence Board, or a similar forum, early enough for all extensive revision to reflect user views.

-- The three other Deputy DDIs should be given specific responsibility to provide the Principal Deputy with key inputs to the planning cycle.

    o <u>Production</u> for all substantive goals, priorities, and issues.

    o <u>Systems</u> for all new major systems, hardware, and software.

    o <u>Resources</u> for all resource inputs.

-- As recommended earlier, each of the three functional deputies should have strengthened program evaluation capability to be able to make system-wide trade-offs. The ODDI(P&R), in particular, should be given enhanced authority for development of system-wide resource trade-offs and for cost-effectiveness analysis of resource trade-offs.

B. <u>PRODUCTION PLANNING</u>

The defense intelligence community now lacks effective production planning and management. Even the basic software and documentation is lacking for a coordinated production effort, and only a weakly organized system exists to obtain user needs and respond to user feedback.

In spite of improvements in some specific products or areas of production, defense intelligence has also failed to properly define overall goals and clear priorities for improving the quality of its substantive product. Formal improvement plans need to be developed by substantive area with specific goals and objectives, and in a form key consumers can review. For example, there should be a "rolling plan" for improving NATO and Warsaw Pact intelligence that identifies current weaknesses, issues, and gaps. It should set clear goals for improving production that cut across all compartments within the defense intelligence community.

To implement such improvement plans, production planners must also learn to say no, and be also able to defend such positions even against senior users. To do this, however, they must first learn when to say no and be able to provide:

-- adequate and effective bibliographies and documentation services;

-- a production plan users can consult to determine whether work on their needs is already underway;

-- consult users fully in developing major production efforts in enough detail so that the result reflects their needs.

Defense intelligence cannot provide any of the above services adequately today, and has a weak case in claiming that it is overburdened by unscheduled production. Much of this unscheduled burden is traceable to the fact that the user cannot find the product without a major effort, and gets products that generate more questions than they answer.

Hopefully, the proposed changes in organization would allow a strengthened DIA to come to grips with these needs and allow DIA to implement suitable defense wide production planning. In fairness to current production planners, the major elements of the needed system were developed by DIA in a system called "PROMIS". This effort failed because of tensions between the old OASD(I) and DIA, and the concern of senior managers with the quality of DIA's ADP work. Revitalizing and modernizing the PROMIS effort should be given high priority during the next year. Detailed suggestions for modernizing PROMIS are provided in Annex A.

C. NET ASSESSMENT, COMPARABILITY, AND INTEGRATIVE LEAD ANALYSES

Defense intelligence is making major progress in adopting net assessment techniques. The problem is that some managers tend to view this progress largely in terms of meeting user requirements, and not in terms of correcting for internal problems and weaknesses in the analytic effort. DIA needs net assessments, regional analysis, and other large scale integrative analysis to correct the major problems in its collection and analytic effort.

-- There is too much reliance on the importance of order of battle data, without examination of what factors really shape combat effectiveness.

-- There is acute compartmentation of the intelligence effort within the intelligence community. Analysts and managers are not forced to analyze the interactions between given elements of force capability and often don't.

-- There is too much country-by-country reporting where analysis is needed of patterns in a region, over broad geographic areas, or in "country-on-country" terms.

-- There is too much concentration on the threat. The result is that so little data is available on our Allies, the threat data cannot be used in complex force comparisons or proper force planning.

-- Too many judgments about the threat are made by specialized analysts who have no clear basis for comparing forces or juding relative capability. The result is a systematic tendency to exaggerate threat capability and assume capability where data are lacking.

-- A lack of standardization exists throughout the production and collection effort. Data and reporting on different countries that should be directly comparable is not.

Net assessment regional analysis, and integrative analysis is not a luxury the user is forcing upon the intelligence community. It is an essential improvement in its management and operations. The adoption of such an approach to improving production should be made part of a formal production plan.

D. ADP SYSTEMS

Part of the problem with DIA ADP systems is that DIA cannot design its ADP effort efficiently without designing on a defense community basis, and that the past DIA management structure has left the ADP function so weak that large resources could be spent on individual ADP efforts which lacked a strong enough system manager to get anything done.

An "intelligence architect" focusing on future designs cannot fix this situation because of the immense cost sunk in existing systems, and because of the reality that central management of conceptual design is less important to system success than management in making the actual system work.

Creating a Deputy Director for Systems on a defense community basis would provide the suitable authority and coordination capability. More, however, is required:

-- The new Deputy Director should do a "zero base" ADP systems study. It must stop trying to use past studies and fix existing concepts, and get <u>outside</u> help in examining its entire ADP structure.

-- Defense intelligence must improve the "output" design of its ADP effort, and introduce cost-penalty or cost-effectiveness analysis of new ADP efforts. The delegated production nightmare is a classic case of insufficient justification analysis coupled to the theory any major investment must be made to work. (Known in management terms as "throwing good money after bad").

-- Defense intelligence needs to introduce full system management of its ADP. Full PERT or similar systems should be introduced with regular review cycles, and with full integration of the training and human element. Performance milestones should be introduced to the management and approval cycle. Such milestones should not make on-line equipment availability a justification for further development authority. They should be based on measures which establish whether the equipment does the work it should with value equal to its cost?

-- Defense intelligence must introduce project manager continuity and responsibility to its contract ADP efforts. A given official should be held personally responsible for the success of contract efforts, and not simply the contractor.

-- Defense intelligence must start making explicit trade-offs between machines and people. These tend to be buried today, or made by first funding machines and then having to reduce personnel as a result. Correcting this problem should be a high priority task.

E. IMPROVING THE USER: MARKET SURVEY TECHNIQUES

Senior intelligence experts have noted that the efforts to improve the interface between users and producers during the last year have revealed two major problems in intelligence operations that can not be cured through improved organization of the Intelligence Community:

-- Users are not well organized to formulate intelligence requirements, keep the intelligence community informed of their own actions, disseminate and utilize intelligence, or provide feedback on what future product improvements are needed.

-- The real needs of users, or "market" for intelligence have never been surveyed using modern marketing techniques. Both users and producers now make assumptions about how intelligence is used which may not reflect a realistic picture of how users operate, what they need, or how intelligence can develop a suitable understanding of how to serve users.

The idea of introducing such "market survey" techniques, and of conducting a survey of the defense intelligence users in market terms, deserves careful examination. It might well provide the basis for making more specific recommendations about "improving the user", and such improvement is essential if the defense intelligence community is to get the guidance it needs, and see its product properly utilized.

VIII. ORGANIZATION OPTIONS

TABLE 1

CURRENT STRUCTURE OF THE
DEFENSE INTELLIGENCE COMMUNITY

DEFENSE INTELLIGENCE BOARD	SECRETARY OF DEFENSE DEPUTY SECRETARIES	INSPECTOR GENERAL FOR DEFENSE INTELLIGENCE

| MILITARY DEPARTMENTS | | ASSISTANT SECRETARY OF DEFENSE (INTELLIGENCE) DIRECTOR OF DEFENSE INTELLIGENCE | | JOINT CHIEFS OF STAFF |

OOODI PROGRAMS AND RESOURCES

| SERVICE INTELLIGENCE | PROGRAM BUDGET COORDINATOR | SYSTEMS TECHNOLOGY COORDINATOR | DDDI PRINCIPAL DEPUTY | DIRECTOR OF DIA AND OOODI (PRODUCTION, PLANS AND OPERATIONS) | COMMANDERS OF UNIFIED AND SPECIFIED COMMANDS |

PERFORMANCE EVALUATION STAFF AND DDIB SECRETARIAT

ASSISTANT DDI INTELLIGENCE RELATED ACTIVITIES, I&W

COORDINATION STAFF

ASSISTANT DDI SIGINT SYSTEMS

ASSISTANT DDI SPACE SYSTEMS

DEFENSE INTELLIGENCE AGENCY

| NATIONAL RECONNAISSANCE ENTITIES | NATIONAL SECURITY AGENCY |

ASSISTANT DDI GENERAL SYSTEMS

VIII-2

VIII. MAJOR OPTIONS FOR IMPROVED ORGANIZATION

The recommendations and evaluations in this report have dealt separately with each major element of the defense intelligence community. Many of these recommendations would have value as independent measures, and do not depend on full scale reorganization of the defense intelligence community. The recommendations do, however, combine into a coherent structure that presents two major options for further reorganization.

A. THE CURRENT ORGANIZATION

The current organization of the defense intelligence community is shown in Table One. This organization reflects a number of important major reforms made during the last year:

-- Integration of the line management of the defense intelligence community under a single Director of Defense Intelligence (DDI).

-- Removal of the organizational barriers that led to continuing conflict between ASD(I) and DIA.

-- Enhanced management control over defense intelligence collection organizations.

-- Creation of a strong Inspector General to ensure the legality and propriety of defense intelligence operations.

-- Creation of a Defense Intelligence Board to improve the interface between senior intelligence users and producers.

-- Creation of a strong performance evaluation function.

-- Improvement of the internal organization of ODDI (Programs and Resources), and of DIA.

These reforms set the stage for the further options recommended in this report.

B. OPTIONS FOR FURTHER CHANGE

The previous recommendations divide into two major options depending upon the scale of change that can be implemented in a single phase:

-- Option One would be a limited reorganization which would leave ODDI(P&R) and DIA largely with their present structure. Other lesser reforms would be implemented, but DIA would not be converted into a production agency.

-- Option Two would fully implement the recommendations made in this report. A new Deputy DDI for Systems Management would be appointed. The ODDI(P&R) would be reorganized. The Defense Intelligence Agency would be reorganized as a production agency, and other relevant changes would be made in various elements of the defense intelligence structure.

Both options would have the effect of completing the reorganization process begun in early 1976. Neither would require major changes in subordinate staff organizations of most elements of the defense intelligence community, although Option Two would mean major changes in the line of top management authority over certain elements of ODDI(P&R) and DIA.

A third option might also result from the studies recommended in this report, but cannot be recommended until these studies are completed. This option would place all defense intelligence collection organizations under a Deputy DDI for Collection. It would also potentially reverse the centralization of collection assets, and delegate more collection responsibility to the Unified and Specified Commands. The weight of ODDI attention to tactical and intelligence related systems would be increased, and certain current DIA production functions might be delegated back to the Services or Commands. This option could be implemented with the same organizational structure recommended under Option Two.

1. Option One: Limited Reorganization

The following detailed steps would have to be taken to implement Option One:

-- Expand the role of the second Deputy Secretary of Defense to that of Deputy Secretary of Defense for Operations.

-- Fill the now vacant job of Director of Defense Intelligence.

-- Reorganize the operations of the Defense Intelligence Board.

-- Strengthen the central management and coordination functions of the Principal Deputy DDI.

-- Appoint a Deputy Director of DIA to act for the Director of DIA in coordinating the Vice Directorates.

     -- Create a full Vice Director of Collections to strengthen DIA's production management of the entire defense collection effort.

     -- Create DIA support offices for OSD and the Unified and Specified Commands.

     -- Establish a DIA evaluation staff in a separate production and performance review office.

     -- Set up a small separate staff for strategic intelligence.

     -- Expand the role and independence of the Deputy Directorate for Current Intelligence (DN) to make it an effective manager of a formal defense I&W system.

     -- Combine the Deputy Directorates for Estimates (DE) and Intelligence Research (DB) into an integrated staff system organized by substantive area.

     -- Set up a small Deputy Directorate for Policy and Planning Support to deal with sudden shifts in the intelligence needs of key military and civilian users.

     -- Expand the responsibilities of the Deputy Directorate for Science and Technology (DT) to make it a Deputy Directorate for Scientific, Technical, and Operations Effectiveness Intelligence (DTE).

     -- Expand the role of the present DIO office.

     The revised organization chart that would result from implementing this option is shown in Table Two.

TABLE 2

LIMITED REORGANIZATION OF THE
DEFENSE INTELLIGENCE COMMUNITY

VIII-5

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┌─────────────────┐      ┌─────────────────┐      ┌─────────────────┐
│    DEFENSE      │      │ SECRETARY OF    │      │ INSPECTOR       │
│ OPERATIONS AND  │══════│   DEFENSE       │══════│ GENERAL FOR     │
│ INTELLIGENCE    │      │ DEPUTY SECRETARY│      │ DEFENSE         │
│ BOARD (OOIB)    │      │ FOR OPERATIONS  │      │ INTELLIGENCE    │
└─────────────────┘      └─────────────────┘      └─────────────────┘
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- MILITARY DEPARTMENTS
  - SERVICE INTELLIGENCE

- ASSISTANT SECRETARY OF DEFENSE (INTELLIGENCE) DIRECTOR OF DEFENSE INTELLIGENCE

- JOINT CHIEFS OF STAFF
  - COMMANDERS OF UNIFIED AND SPECIFIED COMMANDS

- DDDDI PROGRAMS AND RESOURCES
  - PROGRAM BUDGET COORDINATOR
  - SYSTEMS TECHNOLOGY COORDINATOR
  - ASSISTANT DDI TACTICAL AND INTELLIGENCE RELATED PROGRAMS
  - ASSISTANT DDI SIGINT SYSTEMS
  - ASSISTANT DDI SPACE SYSTEMS
  - ASSISTANT DDI GENERAL SYSTEMS
  - NATIONAL RECONNAISSANCE ENTITIES
  - NATIONAL SECURITY AGENCY

- DDDI PRINCIPAL DEPUTY
  - PERFORMANCE EVALUATION STAFF AND DDIB SECRETARIAT
  - COORDINATION STAFF

- DDDDI (PRODUCTION) AND DIRECTOR OF DIA
  - DEFENSE INTELLIGENCE AGENCY

2. Option Two: Full-Scale Reorganization

The detailed changes in defense intelligence organization required to implement Option Two include:

-- Creating three functional Deputy DDIs for Production, Systems, and Programs and Resources, under a strong Principal Deputy DDI.

-- Converting DIA into an Agency focused solely on production with enhanced authority over the rest of the Defense Intelligence Community.

-- Reorganizing ODDI(Programs and Resources) to make it the program, budget, and personnel manager of the defense intelligence community. The new ODDI(P&R) would absorb duplicative functions in DIA, and possibly some staff elements of the defense intelligence collection community. It would have a greatly strengthened Program Evaluation Staff, but lose its present systems planning and review functions.

-- Establishing an ODDI(Systems Management) to provide defense intelligence wide management of all intelligence systems and systems development. This office would absorb the relevant staff elements of ODDI(P&R) and DIA, and acquire a strong systems evaluation staff.

-- Consideration would be given to establishing a Defense Intelligence Support Agency under the new Deputy DDI for Systems Management. This would provide for full flexibility in the expert management and staffing of common services and systems.

-- Study might indicate the need to place all defense collection entities under a single Deputy DDI for Collection, or two Deputy DDI's for PHOTINT and SIGINT.

-- The current DIA Vice Directorate for Plans, Operations and Support (VO), would have to be reorganized appropriately.

The revised organization chart option resulting from the implementation of Option Two is shown in Table Three.

TABLE 3
FULL-SCALE REORGANIZATION OF THE
DEFENSE INTELLIGENCE COMMUNITY

VIII-7

| OEFENSE OPERATIONS ANO INTELLIGENCE BOARD (OOIB) | SECRETARY OF DEFENSE — OEPUTY SECRETARY FOR OPERATIONS | INSPECTOR GENERAL FOR DEFENSE INTELLIGENCE |

MILITARY DEPARTMENTS

ASSISTANT SECRETARY OF OEFENSE (INTELLIGENCE) OIRECTOR OF OEFENSE INTELLIGENCE

JOINT CHIEFS OF STAFF

SERVICE INTELLIGENCE

OODDI PROGRAMS ANO RESOURCES

COMMANOERS OF UNIFIED AND SPECIFIEO COMMANOS

PROGRAM BUOGET COOROINATOR

ASSISTANT DDI, PROGRAM EVALUATION

OOOI PRINCIPAL OEPUTY

OOOOI SYSTEMS

OOOOI (PRODUCTION, PLANS ANO OPERATIONS) ANO OIRECTOR OF OIA

ASSISTANT OOI TACTICAL ANO INTELLIGENCE RELATEO PROGRAMS

OOOOOI COLLECTION MANAGEMENT

PERFORMANCE EVALUATION STAFF AND DOIB SECRETARIAT

OEFENSE INTELLIGENCE SUPPORT AGENCY

OEFENSE INTELLIGENCE AGENCY

ASSISTANT OOI COLLECTION PROGRAMS

OR

ASSISTANT DOI PERSONNEL ANO TRAINING PROGRAMS

OOOOI PHOTINT

OOOOI SIGINT

COOROINATION STAFF

ASSISTANT OOI PROOUCTION, PROCESSING, ANO I&W PROGRAMS

C. IMPACT OF THE OPTIONS ON THE DEFENSE INTELLIGENCE AGENCY

These organizational options would have a significant impact on the internal organization of the Defense Intelligence Agency, and this impact seems worth portraying in more detail.

-- Table Four shows the present organization of DIA.

-- Table Five shows how DIA's organization would change if Option One was implemented.

-- Table Six shows how DIA's organization would change if Option Two was implemented.

VIII-8

TABLE 4

CURRENT ORGANIZATION OF THE
DEFENSE INTELLIGENCE AGENCY

VIII-6

SCIENTIFIC ADVISORY COMMITTEE	DIRECTOR OF DIA AND DEPUTY DDI (PRODUCTION, PLANS, AND OPERATIONS)	INSPECTOR GENERAL (IG)
SENIOR INTELLIGENCE ADVISOR (OC)		GENERAL COUNSEL (GC)
		DIRECTOR'S STAFF GROUP

VICE DIRECTOR FOR PLANS, OPERATIONS AND SUPPORT (VO)	COORDINATION STAFF (CS)	VICE DIRECTOR FOR PRODUCTION (VP)

J-2 SUPPORT OFFICE (JS)	DEFENSE INTELLIGENCE SCHOOL (IS)		INTELLIGENCE PRODUCTION MANAGEMENT OFFICE (DM)	DEFENSE INTELLIGENCE OFFICERS (DIO)
SYSTEMS PLANNING OFFICE (SP)				

DEPUTY DIRECTOR FOR PLANS AND POLICY (DP)	DEPUTY DIRECTOR FOR COLLECTION OPERATIONS (OC)	DEPUTY DIRECTOR FOR DEFENSE ATTACHE SYSTEM (AH)	DEPUTY DIRECTOR FOR RESOURCES AND SUPPORT/ COMPTROLLER (RS)	DEPUTY DIRECTOR FOR CURRENT INTELLIGENCE (ON)	DEPUTY DIRECTOR FOR ESTIMATES (OE)	DEPUTY DIRECTOR FOR INTELLIGENCE RESEARCH (DB)	DEPUTY DIRECTOR FOR SCIENTIFIC AND TECHNICAL INTELLIGENCE (DT)

TABLE 5

IMPACT OF LIMITED REORGANIZATION OF ODDI
ON THE DEFENSE INTELLIGENCE AGENCY

VIII-10

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                    ┌──────────────────────┐
                    │ DEPUTY DDI           │
┌─────────────────┐ │ (PRODUCTION, PLANS   │ ┌──────────────────────────┐
│ SCIENTIFIC      │ │ AND OPERATIONS)      │ │ INSPECTOR GENERAL (IG)   │
│ ADVISORY        │ │ DIRECTOR OF          │ ├──────────────────────────┤
│ COMMITTEE       │ │ DIA                  │ │ GENERAL COUNSEL (GC)     │
├─────────────────┤ └──────────────────────┘ ├──────────────────────────┤
│ SENIOR          │                          │ DIRECTOR'S STAFF GROUP   │
│ INTELLIGENCE    │                          └──────────────────────────┘
│ ADVISOR (DC)    │
└─────────────────┘
                    ┌──────────────────────┐
                    │ DEPUTY DIRECTOR OF DIA│
                    └──────────────────────┘
```

| VICE DIRECTOR FOR PLANS, OPERATIONS AND SUPPORT (VO) | COORDINATION STAFF (CS) | VICE DIRECTOR FOR PRODUCTION (VP) | VICE DIRECTOR FOR COLLECTION (VC) |

- DSD SUPPORT OFFICE
- UNIFIED AND SPECIFIED COMMAND SUPPORT OFFICE
- J-2 SUPPORT OFFICE (JS)
- DEFENSE INTELLIGENCE SCHOOL (IS)
- SYSTEMS PLANNING OFFICE (SP)
- PRODUCTION AND PERFORMANCE REVIEW OFFICE

- INTELLIGENCE PRODUCTION COORDINATION OFFICE (DM)
- DEFENSE INTELLIGENCE OFFICERS (DIO)
- STRATEGIC INTELLIGENCE STAFF

- DEPUTY DIRECTOR FOR DEFENSE ATTACHE SYSTEM (AH)
- DEPUTY DIRECTOR FOR COLLECTION COORDINATION (CO)

- DEPUTY DIRECTOR FOR PLANS AND POLICY (DP)
- DEPUTY DIRECTOR FOR PERSONNEL AND CAREER DEVELOPMENT
- DEPUTY DIRECTOR FOR RESOURCES AND SUPPORT/ COMPTROLLER (RS)

- DEPUTY DIRECTOR FOR CURRENT INTELLIGENCE AND INDICATIONS AND WARNING (DIW)
- DEPUTY DIRECTOR FOR POLICY AND PLANNING SUPPORT
- DEPUTY DIRECTOR FOR ESTIMATES AND INTELLIGENCE RESEARCH (OEI)
- DEPUTY DIRECTOR FOR SCIENTIFIC, TECHNICAL, AND OPERATIONAL EFFECTIVENESS INTELLIGENCE (OTE)

TABLE 6

IMPACT OF A FULL-SCALE RESTRUCTURING OF ODDI ON THE DEFENSE INTELLIGENCE AGENCY

VIII-11

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┌─────────────────────┐     ┌──────────────────────┐     ┌──────────────────────────┐
│ SCIENTIFIC ADVISORY │     │ DEPUTY DDI           │     │ INSPECTOR GENERAL (IG)   │
│ COMMITTEE           │─────│ (PRODUCTION, PLANS    │─────│ GENERAL COUNSEL (GC)     │
├─────────────────────┤     │ AND OPERATIONS)       │     │ DIRECTOR'S STAFF GROUP   │
│ SENIOR INTELLIGENCE │─────│ AND                  │     └──────────────────────────┘
│ ADVISOR (DC)        │     │ DIRECTOR OF DIA       │
└─────────────────────┘     └──────────────────────┘
                            ┌──────────────────────┐
                            │ DEPUTY DIRECTOR      │        ┌──────────────────┐
                            │ OF DIA               │        │ COORDINATION     │
                            └──────────────────────┘        │ STAFF (CS)       │
                                                            └──────────────────┘
```

VICE DIRECTOR FOR CAREER DEVELOPMENT AND SUPPORT (VS)
- OSO SUPPORT OFFICE (OS)
- J-2 SUPPORT OFFICE (JS)
- DEFENSE INTELLIGENCE SCHOOL (IS)
- DEPUTY DIRECTOR FOR PROGRAM EVALUATION (DPE)
- DEPUTY DIRECTOR FOR PERSONNEL AND CAREER DEVELOPMENT
- DEPUTY DIRECTOR FOR COMMAND SUPPORT AND TACTICAL AFFAIRS

VICE DIRECTOR FOR PRODUCTION (VP)
- INTELLIGENCE PRODUCTION COORDINATION OFFICE (DM)
- DEFENSE INTELLIGENCE OFFICERS (DID)
- STRATEGIC INTELLIGENCE STAFF
- DEPUTY DIRECTOR FOR CURRENT INTELLIGENCE (DN) AND INDICATIONS AND WARNING (DNW)
- DEPUTY DIRECTOR FOR POLICY AND PLANNING SUPPORT (DPS)
- DEPUTY DIRECTOR FOR ESTIMATES AND INTELLIGENCE RESEARCH (DEI)
- DEPUTY DIRECTOR FOR SCIENTIFIC, TECHNICAL, AND OPERATIONAL EFFECTIVENESS INTELLIGENCE (OTE)

VICE DIRECTOR FOR COLLECTION (VC)
- DEPUTY DIRECTOR FOR DEFENSE ATTACHE SYSTEM (AH)
- DEPUTY DIRECTOR FOR COLLECTION COORDINATION (CD)

D. <u>THE IMPACT OF SYSTEMS FOR MANAGEMENT OPERATIONS</u>

Changes in organization are, however, only part of the organizational concept recommended in this paper. The way various elements of the defense intelligence community conduct their management operations are of equal importance, and the following recommendations should be considered in implementing Option One or Option Two:

-- Reorganize the resource and systems management structure of ODDI (Section II).

-- Charter DIA as the manager of a formal defense indications and warning system (Section III).

-- Reorganize the personnel and career development structure of DIA and the defense intelligence community (Section III).

-- Establish an effective defense intelligence planning, programming, and budgeting cycle (Section VII).

-- Establish an effective production planning system (Section VII).

-- Improve the defense intelligence ADP system (Section VII).

-- Expand the introduction of the use of net intelligence assessment, regional analysis, and large scale integrative analysis (Section VII).

-- Carry out full scale "market research" analysis to establish an effective operational interface between intelligence users and producers (Section VII.).

IX. NATIONAL INTERFACE

IX. INTERFACE WITH THE NCA, WARNING COMMUNITY, NSC AND DCI

Some of the most serious present and potential problems in defense intelligence operations and management have nothing to do with the organization of the defense intelligence community. Further, they often have the effect of making the defense intelligence community seem weak when the real problems stem from the outside. These problems cannot be solved in the Department of Defense, but should be considered in evaluating the previous recommendations and issues, and in determining how an improved defense intelligence organization should interface with the rest of the National Security Community.

A. THE NATIONAL COMMAND AUTHORITY

Intelligence is only one part of the National Command Authority. It is, however, a critical part in time of crisis and war. The basic problems for defense are how the National Military Intelligence Center might best support the SecDef and the CJCS under such conditions, whether it can concurrently provide civilian decision-makers outside defense with the intelligence they would need from defense, and how it would interact with other intelligence and crisis management systems under truly serious crisis conditions.

The national intelligence community, and the national military command, have attempted to cope with individual problems in the NCA by improving the NCA system. Their success on an inter-agency basis is uncertain, and its responsiveness to the specific needs of a President at least merits review.

The problem is that no minor crisis will really test the ultimate performance of the system, nor will any exercise "designed (or exercised) from below." Accordingly, while it is not clear that a serious problem exists, the apparent lack of a clear plan and structure for national intelligence management in a major conflict indicates that serious study is needed at the White House level.

B. THE "INDICATIONS AND WARNING COMMUNITY"

The Department of Defense has made major improvements in its current intelligence, and indications and warning efforts since the October War. The fact remains, however, that there is no national indications and warning system and no real national system for handling crisis intelligence. Again, agency-oriented improvements are being grafted on to improved inter-agency communications and methods of data exchange and process. No one is clearly in charge, and no clear goals exist for action.

There is also too much emphasis on the narrow definition of the term "Indications and Warning." I&W is too often interpreted to mean warning of immediate actions or attack, and structured in such a way that the activity

involved is legitimately vulnerable to the criticism that it, "provides warning of its imminent demise that can be acted upon only after it is dead." Too little emphasis is placed on long-term warning and crisis prevention, and too little attention is paid to what intelligence does after warning and during a crisis or conflict.

There is a need for a national current intelligence system -- with I&W as one of its functions -- which links the specialized expertise of each major element of the intelligence community. The National Military Intelligence Center (NMIC) may, as it evolves, provide a core around which the military aspects of such a system can be built. Defense cannot, however, act alone.

C. THE ROLE OF THE NATIONAL SECURITY COUNCIL

The change in administration will leave defense intelligence without a clear interface with the National Security Council, and without a clear chain of decision making to guide the efforts of defense intelligence at the national level. Making such an interface efficient is critical to proper defense intelligence support of the national user.

In practice, the Director of Central Intelligence has provided only part of substantive or policy related tasking through his plans or scheduled national intelligence production. The White House, or senior officers under the Secretary of State, have provided the key guidance as to substantive priorities through their tasking of National Security Study Memorandums and other key policy related intelligence tasking.

Unfortunately, this process has not been properly recognized within either the National Intelligence Community or by many national security planners. The "myth" has been that the DCI anticipates requirements and plans intelligence production rather than reacts to the special needs of decision makers. While key intelligence efforts are driven and initiated by the policy needs and priorities of White House, NSC and State, the national intelligence system is set up to produce national estimates as if an IC-generated production plan could manage intelligence production.

The problems inherent in this "myth" have been compounded in recent years because of weaknesses in the policy process. The NSC and State have not done a good job of tasking strategic planning, or systematically review-ing the overall requirement for intelligence in "non-crisis" areas.

The Central Intelligence Agency and INR can cope with this situation better than can Defense intelligence, because they have more direct access to the civilian decision makers involved, and can substitute direct contact for policy guidance and the "myth" of national intelligence planning. Even these agencies, however, suffer sharply from the fact that national intelligence planning and tasking needs to be reorganized to reflect the reality of user tasking at the White House, NSC and Secretary of State level, and such tasking needs to be made more systematic, given more depth, and given a clearer management structure.

D. THE ROLE OF THE DIRECTOR OF CENTRAL INTELLIGENCE

The 1976 reorganization of the National Intelligence Community has not yet developed an effective national intelligence management structure, and may be unable to do so. The following specific problems affect the operations of the defense intelligence community:

-- the role of the DCI as a "planner", a "manager", a "resource allocator", and "advisor" remains unclear. The text of the "charter" of the DCI is ambiguous, and most importantly, the management structures and planning systems necessary to give meaning to this charter remain undefined, or so weakly structured as to leave their functions unclear.

-- the Committee on Foreign Intelligence (CFI) can only work if its decisions deal with the major planning and policy problems of future development, improving the substance of intelligence, and overall resource planning. The lack of a viable supporting structure of management and planning has left the CFI focusing on current issues of moderate importance when it should be reviewing major decisions.

-- the national intelligence planning cycle is little more than an empty and purposeless shell. Most of the present national planning and guidance documents have little real meaning in terms of shaping production, development, and resource decisions. The documents also lag far behind the budget cycle, and often seem to have little real purpose. Nothing approaching an effective national PPBS system exists, and no clear definition has emerged of what span of DCI control over the community is useful or can be achieved.

-- the "myth" of DCI planning of national intelligence production, discussed earlier, does not set policy related priorities, but it does seem to generate a great deal of intelligence effort with no clear user. This consumes major defense intelligence resources.

-- the role of the Intelligence Community Staff remains unclear, and capabilities seem weak. The staff is still far too dominated by members of the intelligence community. It badly needs to bring in outside analysts and managers who do not have agency biases and who have broader expertise. These problems in the IC Staff create continuing problems in its interface with defense. Good system and resource managers are urgently required.

-- the NIO system presents the problem that it substitutes a series of "feudal baronies" for effective substantive management. While some of the "Barons" do an excellent job, they are not a substitute for coherent management which can make major improvements in the quality of substantive intelligence, and in the responsiveness of the product to user needs.

These problems sharply limit what the Department of Defense can do to put its own house in order. They also present the difficulty that an improved defense intelligence organization might be somewhat out of step with the structure for national intelligence management when such a structure finally emerges.

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RESTRUCTURING DEFENSE AND NATIONAL INTELLIGENCE:

THE NEED FOR IMPROVED PLANNING AND MANAGEMENT SYSTEMS

ANTHONY H. CORDESMAN
MARCH 2, 1977

THE ROLE OF IMPROVED MANAGEMENT AND PLANNING SYSTEMS IN DEVELOPING AN
EFFECTIVE INTERFACE BETWEEN NATIONAL & DEFENSE INTELLIGENCE

Most of the discussion of the reorganization of Defense intelligence, and
of means of improving the national defense intelligence interface, has
focused on organizational structure and lines of authority. Such changes
are essential if the U.S. is to develop an effective management structure
for the Intelligence Community. They will not, however, be enough.

No change in organization, lines of authority, and key personalities can
compensate for the present lack of management infrastructure within the
Intelligence Community. The basic tools of effective management simply
are not present. Accordingly, reform will be needed in six basic areas:

-- Development of an integrated concept of production planning
   and management.

-- Development of an integrated intelligence PPB system.

-- Integration of SIGINT, HUMINT and PHOTINT planning and
   management.

-- Development of common community-wide career development
   and grade structures.

-- ADP standardization and commonality.

-- Information flow.

A. Production Planning and Management

    The national and defense intelligence communities now lack an inte-
grated bibliography, an integrated production plan, and a set of require-
ments and specific goals for improvement which can be integrated into the
actual production process. Intelligence production is essentially managed
on a "back of the envelope" basis which attempts to tie individual "piecework"
to individual perceptions of what needs to be done.

    There are many reasons why the quality of intelligence production does
not match the quality of intelligence collection, and why so much intelli-
gence production has so little value to users. At the same time, however,
it is clear that this range of problems cannot be addressed collectively
or individually unless the DCI and defense intelligence managers have the
basic management tools or infrastructure necessary to control and shape
the production process.

These tools are now almost totally lacking. They exist only to support annual budget decisions, and this has the unfortunate effect of skewing the attention of senior managers towards over-concentration on resource decisions in the absence of effective control over production.

The attached briefing on "Interactive Production Planning" describes one possible approach to setting up an effective management support system. Many other variants are possible, but the key features needed in any effective system are summarized in Table One below.

TABLE ONE

MAJOR REQUIREMENTS FOR A MANAGEMENT SYSTEM TO SUPPORT
PRODUCTION PLANNING AND MANAGEMENT

o Annotated community bibliography updated in near-real time -- provides all managers with the essential overview of what has been produced, and historical memory necessary to utilize community effort.

o Integrated production plan -- a near-real time record integrated into the bibliography which shows what each element of the community is working on or planning to produce.

o Integrated goals, objectives, and requirements -- current objectives, requirements, goals, and tasking would be integrated into the hierarchy so that past and planned production could be compared against current requirements.

o Hierarchy of detail -- a logical structuring to the combined bibliography and production plan which allows managers and analysts to review the production effect at the level they desire.

o Substantively organized with cross reference capability -- a system of entering bibliography and production plan data which allows effective information retrieval by substantive area, and by interaction between products.

o On-line community-wide data system with "zoom" capability -- a secure computerized data bank and terminal system to allow rapid input and retrieval, and with the capability to rapidly collect information by specific substantive topic, level of analysis, user group, or other essential "set" for management and analysis purposes.

o Specified actors and review cycle -- a record would be incorporated
   which allows managers to trace the production process for given
   documents, examine the review cycle, and identify delays or problems
   in the review process.

o On-line to users -- system would be transparent to users. They
   could use it to determine what was available and under production,
   and to input both added requirements and comments. Subject to
   security, on line dissemination capability could be built-in to
   produce records of distribution and allow users to quickly request
   products.

o Dissemination and comment history -- record would be available of
   past dissemination, and past user or other comment and evaluation.
   Key problems or requirements would be built into system. Not
   simply requirements for coverage of given areas.

o Compartmentation history -- classification would be recorded
   allowing rapid analysis of effect of compartmentation on distri-
   bution by substantive area.

     Any system meeting these requirements would provide the essential
management infrastructure for both internal DoD needs, and for linking
defense and national intelligence production planning under DCI control.
Further, it would allow interaction not only within the Intelligence
Community, but between intelligence and the user.

B. Development of An Integrated Intelligence PPB System

     The present national intelligence programming, planning, and budgeting
system is a series of bureaucratic compartments protected by disparate
approaches to budgeting and special classifications. A detailed review of
the Defense portions of the budget effort reveals little real reason for
much of the classification, and indicates that a major review is needed of
the present "office by office" approach to programming and budgeting reporting.
Past discussions in the DIB also revealed that budget planning is weak, compart-
mented, and input oriented.

     Little real trade-off analysis is done or possible. In practice, the
"planning" aspect of PPB is done by the resource managers in the absence
of an effective planning effort.

     Existing mini-computer and secure data link capability offer a simple
way of changing this structure. A common PPB system design could be stan-
dardized within the Intelligence Community in the next year. This could
be on-line to the DCI with separate sub-systems managed by DoD and the CIA.
This would allow both DCI management by exception, and improved overall
trade-offs analysis and review. It would also break down the complex

hierarchy of special classifications and data flow arrangements to allow effective central review and management without creating large central staffs. The key features of such a system are shown in Table Two below.

TABLE TWO
MAJOR REQUIREMENTS FOR AN IMPROVED INTELLIGENCE COMMUNITY
PLANNING, PROGRAMMING, AND BUDGETING SYSTEM

o Community-wide system -- the PPB system would be on-line to all elements of the community. The DCI and DDI would have a netted or common PPB.

o Computer and data processing capability -- a mini-computer system of the type used by ASD(I) would be expanded and terminals would be provided to each major budget manager. The system would be open to each element of the community to allow trade-off analysis and proposals. A full hierarchy of data processing options would be set up to allow different levels of management control or review at appropriate levels.

o Declassification -- current over-classification and compartmentation would be sharply reduced. This would allow much more effective sharing of information, and management review.

o Integrated planning data -- planning guidance would be recorded in the system, and related to programming data.

o Decision record and calendar -- the history and planned calendar of major program decisions would be included in the system. It would be possible to analyze the status of major programs or to group major decision points by subject, importance, or other managerial criteria.

o Integrated statement of objectives -- a hierarchy of objectives would be maintained and expanded within the system to tie programs to the goals to be achieved.

o Improved levels of definition and trade-off capability -- the current PPB submissions of the various elements of the community would be reviewed. Improved functional breakouts would be developed. Categories would be restructured to improve trade-off analysis across agency lines, and between collection, processing, and analysis activities.

o Improved programming by substantive area -- program and budget categories would be refined to allow closer tracking between production planning and resource planning.

o <u>Extended planning data</u> -- major elements of the data would be extended ten or more years into the future. Major long-lead time systems would have their development history built into the programming data. Interactions between collection and processing systems development and procurement would be traceable.

Again, it is unlikely that any change in organization charts, in statements of responsiblity, or in key personalities would allow effective DCI and Sec Def control unless a major move towards community-wide programming is made in the management infra-structure which now supports PPB decisions. Further, it is unclear that effective DCI planning can take place as long as any effort to generate data must rely on individual and manual agency submissions. It is simply too easy to stonewall and block reform.

In the long run, it might also be possible to tie the on-line approach to resource management to the interactive production planning discussed previously. This may be too complex an effort to justify, but it would offer the potential advantages of "closed loop" resource management which allowed the manager to directly relate resource decisions to their impact on production. Existing management infra-structures are too weak to allow such an effort, and make any effort to accomplish it a "paper chase".

The need for such an improved PPB system is largely independent of the precise relationships between the DCI and Secretary of Defense, although on-line programming would allow the DCI to manage by exception with considerable confidence that most regular budget operations did not require DCI review. The major issues that would need to be addressed in setting up such a system would be:

-- the exact level of data available to any given user, and the amount of DoD data available to the DCI.

-- standardization of national and defense intelligence budget and programming data and categories.

-- the interaction between the national and defense planning cycles shaping actual utilization of the system.

-- the interface between this system and DoD PPB data on control and communications, and intelligence related systems.

C. Integration of SIGINT, HUMINT, and PHOTINT Planning and Management

The intelligence community now allocates most of its resources and personnel to collection and directly related processing. However, its management structure to shape and control these resources is highly compartmentalized. It is divided into separate channels for SIGINT, HUMINT, and PHOTINT. Equally significant, management compartments also exist between R&D and operations, and between collection and processing.

Past management studies of intelligence have tended to focus on I&W and analysis, rather than collection management. This resulted both from the fact individual collection activities have been relatively successful, and from the practical difficulty of addressing opaque, compartmented, and highly technical management processes.

Both the DCI and Secretary of Defense need a management system that integrates the various elements of the collection effort, allows analysis of overall collection performance, and evaluates the trade-offs between the SIGINT, HUMINT and PHOTING efforts.

Such reforms would be so complex that they probably require zero-based analysis. However, certain requirements for improved management systems can be identified.

TABLE THREE

MAJOR REQUIREMENTS FOR A MANAGEMENT SYSTEM TO

INTEGRATE COLLECTION MANAGEMENT

o Combined Collection Facility -- a full scale fusion facility is needed for tasking, managing, and disseminating intelligence collection. This should operate on a national level, although possibly physically in DoD.

o Combined Collection Programming and Budgeting -- collection planning, programming and budgeting should be shifted from "input" budgeting by individual collection activity to "output" budgeting relating all collection methods to a specific production goal as suggested in Table Two.

o Clear Lines of Management Authority -- NSA and other single collection entities should be clearly subordinated to a national and defense manager with responsibility for all collection activities. Many current single source defense and national committees need to be re-structured on a fusion basis. Serious consideration should also be given to designating a DCI systems manager with community-wide responsibility for collection and processing architecture.

o <u>Fusion Centers or Processors Within Collection Entities</u> -- near real-time PHOTINT and SIGINT systems require a capability for each collection entity to monitor the other's collection in near real-time to understand the interaction between systems. This requires data exchange and computer compatability, and probable expansion of the present limited staff effort. Fusion activity related to HUMINT needs separate study.

o <u>Combined Collection Tasking Analysis</u> -- much of the software for tasking and processing collection does not allow effective or systematic trade-offs between different streams of the collection effort. Integrated software is needed for tasking and processing at many levels.

o <u>Improved Dissemination</u> -- community efforts at developing software allowing analysts to explore what collection is available are still weak and compartmented. ·Some national designs exist, however, which might correct this siutation. The subject needs careful study, and management systems are needed to monitor overall information flow from collection to production.

o <u>Integrated Planning of Collection and Processing</u> -- re-evaluation is needed of current management systems for tying improvements in collection to improvements in processing. PERT, MIS and improved systems management techniques are needed for both procurement planning and operational management in key instances.

o <u>Utility Analysis</u> -- improved management systems are needed to ensure that collection activity does have proper ultimate utility, and that collection does not overload processing or analysis. Current systems do not provide the collector or overall manager with sufficient data on the utility of collection activities.

D. <u>Development of Common Community-Wide Career Development and Grade Structures</u>

Intelligence managers have not developed an effective management support structure for either defense or national intelligence personnel. Several major factors have been involved:

-- hardware consumes the most resources, and requires continuing discreet funding decisions.

-- past pressure on the intelligence community has focused only on individual Agency total manning levels. There has been no need to react to functional or qualitative issues.

7

-- management compartmentation of manpower issues has led outside
review to deal in sequence with the manning of each agency or
element.

The result is a radically different grade structure and career develop-
ment pattern within each major element or agency, and almost random sub-
optimization of manpower decisions. This management failure is exemplified
by DoD's focus on the small ASD(I) staff and 4,000 odd people in DIA to
the virtual exclusion of treatment of overall defense intelligence personnel
management.

Some basic options for improving the present intelligence management
system are listed in Table Four:

TABLE FOUR

MAJOR REQUIREMENTS FOR A MANAGEMENT SYSTEM TO IMPROVE

PERSONNEL AND CAREER DEVELOPMENT MANAGEMENT

o Standardize the Grade and Career Development Structure -- the
distribution of grades, rate of promotion, career development
opportunities, should be managed on a Community-wide basis.
CIA, DIA, and NSA should not have different grade structures, or
compartmented career development patterns.

o Consider the Option of Creating a National Intelligence Service,
Combine All Defense Intelligence Personnel Under one DoD Manager --
Intelligence is specialized, and considerably autonomy needs to be
retained on an Agency basis. Nevertheless, a national intelligence
service might have major advantages in breaking down agency barriers
and parochialism, and in providing equitable career opportunities.
At a minimum, defense intelligence manpower should be managed as
a pool within DoD.

o Improving Training and Educational Opportunities -- Insufficient
resources are now allocated to intelligence training--both for
management and analysis, and no system exists to monitor the overall
defense or national intelligence effort. The separate educational
programs of CIA, NSA and DIA, do not adequately train any given group,
and disperse resources that could be spent on specialized training
within each Agency. Consideration should also be given to expanding
certain DIA and CIA training facilities to provide improved graduate
level training in analysis.

8

o "Selection Out" -- the present system leaves CIA and NSA with special exempted status, military officers with uncertain career status managed on an agency or Service basis, and a mixture of regular and exempted civil servants in DIA and ASD(I). The latter system leaves DIA with entrenched senior civilians of low quality and younger staff vulnerable to "rifs". A common system is needed to prevent locking inadequate personnel into middle and senior management slots, and to offer more opportunities to all personnel to find the slot they are suited for. Further, a foreign service type "selection out" process may be necessary to ensure that new people actually are brought into the system, and the capability to fire is exercised.

o Military-Civilian Equity -- major reform is needed to ensure that both military and civilian members of the intelligence community have the same career opportunities, and are selected and evaluated by the same criteria. The current defense emphasis on designating some slots as military and civilian--and giving each Service near equal representation in DIA--should be ended by placing such personnel policy under the control of the DCI.

o Managed Rotation -- management systems are needed which ensure rotation of intelligence personnel within the intelligence community, between user and producer staffs, and between intelligence and academic or research institutions. Lip service to the idea is pointless. Quotas must be established and monitored.

E. ADP Standardization and Management

Senior managers are generally impatient with issues like ADP standardization and integration. There are few areas in the intelligence effort, however, which are more dismally managed, and which use so many resources needlessly. Even the briefest look at the problem reveals major and continuing problems in the integration effort, and costly duplication or the use of expensive and inefficient sub-processors.

Efforts at voluntary coordination within the intelligence community have demonstrated that this approach cannot coordinate improvement at a reasonable rate. Accordingly, the DCI should be given formal authority over all aspects of ADP integration, standardization, and development, and the mandate to force ADP integration of the CIA, DIA, NSA and Service efforts. A zero-based review should be made of current developments and sub-systems, and unquestionable lines of DCI staff authority should be set up over the entire intelligence community.

9

The basic changes needed in management procedures are summarized in Table Five below:

TABLE FIVE

MAJOR REQUIREMENTS FOR A MANAGEMENT SYSTEM TO SUPPORT EFFECTIVE

ADP STANDARDIZATION AND MANAGEMENT

o Single Manager -- a single manager needs to be set up under the DCI to enforce standardization on an intelligence wide basis.

o Architecture or Design Control -- the single manager should be supported by a suitable architect or design staff with authority to force system integration.

o Zero-based Analysis -- present Community ADP activity needs zero-based review of resource allocations, on-going system developments, and system coherence.

o Interactive Processing -- CIA and NSA efforts to shift from using ADP for printing and storage to full interactive processing need to be adopted on a standard Community basis. A coherent program is needed to ensure that ADP systems properly serve the analyst and user.

o Community-Wide Programming -- ADP expenditures need community-wide review in addition to review as part of other programs. Explicit analysis is needed of the interaction between ADP efforts and personnel. Current programming does not seem to adequately review the impact of ADP on personnel numbers and training.

o Community-Wide Netting and Security Standards -- DCI authority is needed to enforce system netting and common security standards. Regorous use of this authority will be needed to break down compartmentation established for bureaucratic purposes or to aid control of information flow.

o User-Orientation -- management systems need to be established which will ensure that intelligence ADP efforts do not continue to exclude the user, and that suitable terminal and service facilities are set up so that the user can access suitable community ADP systems and data banks, and use ADP for interactive tasking and comment on intelligence products.

o Data Base Integration -- the need for integrated PPB and Production Management systems have been discussed earlier. Integration is also needed of major data bases, and these need to be combined with appropriate data banks on U.S. forces to develop directly comparable data bases on U.S. and foreign forces. The DP&E system seems a suitable starting point.

o Enforced Use of Uncertainty, Quality Analysis and Multiple Entries -- Current Community data bases consistently lack suitable quality control aids, and enforce a false precision on entries. This reflects deep seated "cultural" problems in the Community approach to ADP, and a major review is needed by the DCI to re-orient ADP to properly reflect uncertainty, show conflicting entries or views, and permit standard quality control techniques such as regression analysis, search for deviant entries, etc.

F. Information Flow

Formal compartmentation is only one of the problems inhibiting information flow within the Intelligence Community. Two years of DCI and DoD review of the intelligence effort have confirmed the conclusion of past studies that the intelligence bureaucracy systematically uses information flow as a means of achieving bureaucratic power, rather than preserving security, and that it pays little attention to ensuring efficient information flow between intelligence agencies, as distinguished from providing agency flow to leading agency consumers.

Effective DCI and defense intelligence management, and improved intelligence quality, require a zero-based review of methods to improve and ensure information flow, and to penalize withholding and failure. This involves not only the implementation of past recommendations to reduce compartmentation, but a systematic effort to identify adversary relationships which block such flow within the intelligence bureaucracy. Outside management analysis is probably essential since no decision maker independent of the problem will have the time to address it.

The major kinds of reform required are summarized in Table Six below:

TABLE SIX

MAJOR REQUIREMENTS FOR A MANAGEMENT SYSTEM TO SUPPORT

EFFECTIVE INFORMATION FLOW

o Security Policy and Review Staff -- a single official under the DCI should be given unilateral authority over all security policy and use of codeword classification. Agency and DoD use of codewords and compartmentation should be put under the line authority of this official, whose primary purpose should be to control information flow.

o Classification Control -- current management systems sharply encourage
   over-classification within the Intelligence Community. This leads to
   efforts at decompartmentation which confuse legitimate needs to pro-
   tect sources with bureaucratic carelessness. Rigorous and Community-
   wide procedures need to be established which make it extremely diffi-
   cult to use codeword classifications, and which require sufficient
   justification to discourage over-classification.

o Action on Existing Recommendations -- enough options to reduce
   compartmentation now exist to allow the DCI to act on a community
   basis. Decisions need to be taken.

o Information Flow Analysis -- a dedicated staff effort is needed under
   the DCI to review information flow at all levels. This staff should
   establish a suitable reporting structure to ensure that proper flow
   is taking place.

O Abolish Orcon -- with the exception of special operations, classifi-
   cation should be the only control over dissemination. The originator
   should not be able to control information flow for other unstated
   reasons.

o Information Integration -- a coherent effort is needed to integrate
   community production planning, PPB, collection and ADP systems.

o Standard Computer Security -- the ADP reforms discussed in Table Five
   are critical to proper information flow within the community. The DCI
   needs authority over all community ADP to enforce a single standard
   for multi-level access and netting that will maximize information flow.

G. Reforms in Management Systems vs Reforms in Organizations, Responsibili-
    ties and Functions, and Personalities

    Most decision makers within the Washington Community deal with manage-
ment improvements largely in terms of changes to organization charts,
statements of function, and key personalities. These are reasonable
approaches to reorganization up to a given point. They are also relatively
easy to accomplish within a short period of time, and in a form all parti-
cipants can evaluate and understand.

    There is a point, however, at which such approaches to reform cease to
have much effect, because they are not supported by matching improvement in
management infrastructure and information systems. There is good reason
to assume that intelligence has reached this point. Recent reorganization
has had only limited effect, and has left basic problems unaddressed or
unchanged.

12

Accordingly, the current reorganization effort should pay close attention to whether the traditional Washington approach to management problems is adequate. There are still many improvements that can be made in organization, statements of function, and key personalities. But, then there are always such opportunities for improvement in any organization. It is unlikely--given the problems outlined in the previous six tables--that another set of such improvements will accomplish much unless equal attention is paid to reforming the management process.

13

INTERACTIVE
PRODUCTION
PLANNING

CONCEPT BRIEFING

ANTHONY H. CORDESMAN
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917

THREE INTRODUCTORY VIEWS

- "IMPOSSIBLE DREAM"

- COMMUNITY ALREADY PLANNING –
  "RE-INVENT THE WHEEL."

- POSSIBLE OVER THREE TO FIVE YEARS

KEY ELEMENTS

- INTEGRATED BIBLIOGRAPHY
- INTEGRATED PRODUCTION PLAN
- INTEGRATED GOALS:
  - -- GUIDANCE
  - -- REQUIREMENTS
  - -- KIQs/DKIQs
  - -- IMPROVED METHODS OF ANALYSIS AND COLLECTION
- SPECIFIED ACTORS AND REVIEW CYCLE
- HIERARCHY OF DETAIL
- SUBSTANTIVELY ORGANIZED WITH CROSS REFERENCE CAPABILITY
- ON-LINE WITH "ZOOM" CAPABILITY
- DISSEMINATION AND COMMENT HISTORY

917

MANAGEMENT CONCEPT

- INTERACTION, NOT CENTRAL CONTROL

- PASSIVE, NOT ACTIVE COORDINATION

- CLOSED LOOP CONCEPT: ALL STAGES SERVE ALL PARTICIPANTS

- OPEN SYSTEM: USERS AND OTHER PRODUCERS HAVE RELATIVELY OPEN ACCESS

- GRADUAL DEVELOPMENT

- MANAGEMENT BY EXCEPTION AT ALL LEVELS

- REVIEW NOT COORDINATE INITIATION

- REPORTING BURDEN SHOULD BE MATCHED BY VALUE OF SYSTEM TO REPORTING COMPONENT

INTEGRATED BIBLIOGRAPHY

- DEFENSE INTELLIGENCE COMMUNITY OR COMMUNITY AS A WHOLE

- FULL ANNOTATION

- ALL-SOURCE

- INCLUDES NON-SCHEDULED, STUDY SUPPORT, AND DATE BASE PRODUCTS

- SUBSTANTIVE HIERARCHY

- INSTITUTIONAL MEMORY

- SERVES USERS AND ANALYSTS AS WELL AS PRODUCTION PLANNERS

917

INTEGRATED PRODUCTION PLANNING

- SAME CONTENT AND STRUCTURE AS BIBLIOGRAPHY

- PRODUCTION PLANS INTEGRATED INTO BIBLIOGRAPHY

- MULTI-LEVEL ACCESS

- TIED TO KEY ELEMENTS OF MANAGEMENT INFORMATION

- DEVELOPMENTAL RECORD: TASK TO TOR TO OUTLINE

- STATUS RECORD AND RATIONALE

917

INTEGRATED GOALS

- HIERARCHY OF DETAIL

- COMBINE ALL KEY ELEMENTS

- INCLUDE TRADITIONAL DOCUMENTS:

    -- DCI GUIDANCE, OBJECTIVES, KIQs

    -- DIA DOCUMENTS

    -- OJCS AND SERVICE DOCUMENTS

    -- KEY USER INPUTS

    -- COLLECTION PRIORITIES

- ADD NEW ELEMENT:

    -- REQUIREMENTS FOR IMPROVED ANALYTIC METHODS

- USE INTERACTIVELY: BRING CONSUMER AND COMMUNITY INTO REVIEW LOOP

- ON-LINE "SUGGESTION" OPTION

SPECIFIED ACTORS AND REVIEW CYCLE

- WHO DOES IT?

- WHO COORDINATES?

- WHO REVIEWS?

- SEEK MAXIMUM RELEVANT USER PARTICIPATION

- OPTION FOR MONITORING:

    -- WORKLOAD

    -- COORDINATION ACTIVITY

    -- USER INTERACTION

HIERARCHY OF DETAIL

- SORT NOT DUMP

- PROGRAMMED TO SERVE DIFFERENT USERS FROM DDI
   TO WORKING ANALYST

- SUBSTANTIVE ORGANIZATION

- FIXED KEY WORDS OR SORT SYSTEM

- FREE CROSS-REFERENCE

- "ZOOM" CAPABILITY

- LOGICAL SEARCH OPTION

DISSEMINATION AND COMMENT HISTORY

- DISTRIBUTION RECORD OR PROPOSAL INTEGRATED

- OPEN "COMMENT" OPTION

- COMMENT RECORDED WITH MINI-SEARCH CAPABILITY

- DISSEMINATION OPTION

917

"ON-LINE" CONCEPT

- OPTION, NOT ESSENTIAL

- POSSIBLE SYSTEM COULD MORE THAN PAY FOR SELF

  -- ELIMINATE PAPER WORK

  -- ELIMINATE FILING AND COORDINATION ACTIVITY

  -- SHARPLY CUT MIDDLE MANAGERS

  -- "SAVING" THROUGH IMPROVED UTILIZATION RATIO

  -- IMPROVED SPECIALIZATION WITHOUT MANAGEMENT

  -- NO "LOST" PRODUCTS – REDUCES DUPLICATION

- BUILD INTO COINS, DIAOLS, SOLIS, ETC.

THOUGHTS ON CORDESMAN'S THOUGHTS ON INTELLIGENCE ORGANIZATION

o Two fundamental points were raised--but they conflict

- Intelligence production should concentrate on
  "unique contributions" of intelligence, not on
  broad policy documents which generalize and waffle.

- The DCI should reorganize the NIO process into one
  that produces Net Assessments vice estimates.

- These two concepts can be rationalized only if:

    --intelligence agencies--not DCI--produce
      the "intelligence;" and

    --DCI's staff constitutes a nucleus around
      which ad hoc net assessment task forces,
      composed of producers and users, would
      be formed.

        --Many would argue this should not
          be done within the Intelligence
          Community.

o Another line of discussion argues for a new intelligence
  PPBS system--but the problem remains of getting there
  from here.

- The heart of the "new" PPBS is a management system
  to relate resources to "substantive intelligence
  areas."

    --Given this system, specific objectives would
      be spelled out, and performance tracked

- Doing this, however, requires an ability to explicitly
  relate the inputs to outputs--something no one I know
  of knows how to do. Specifically:

    --What are the "substantive intelligence areas?"

    --How are the joint products of technical
      collection systems to be allocated (i.e.,
      how much of the satellite is allocated to
      crop forecasting [economic], how much to
      indications and warning?)?

        --What are some specific examples of the
        resource-related objectives?

o Finally, the paper suggests that all of the above can be
done with 100 people.

    - Most of the current players think 200 (IC + NIOs)
    aren't enough.

o Recommendation

    - Invite Tony to spend two weeks on the <u>specifics</u> of
    the PPBS proposal.

        --Hire him through a beltway bandit to ensure
        insulation of his notorious self from the
        bureaucracy.

    - If he can produce, something useful may result.

PROGRAM ANALYSIS AND IMPROVEMENT DIVISION

o Major divisions:

    Product Analysis and Improvement
    Systems Analysis and Improvement
    Crisis Warning and Management Analysis and Improvement

o Product Analysis
    - Focus on documentary products for policy makers and planner
    - Øutputsxarex Questions:
        -- Were the requirements met
        -- Was the analysis/assessment sound
        -- Did the information reach those who needed to know
    - Output:
        -- Feedback to producers--critiques
        -- Proposals to restructure collection/production
           programs
        -- Proposals to add/delete/change requirements
        -- Proposals affecting the quality of intelligence
           personnel

o Systems Analysis
    - Focus on analytic techniques, costs, and trade-offs
    - Questions:
        -- Are the best available analytic tools being
           fully utilized - data bases
        -- What are the currently programmed resource
           allocations and relationships to intelligence
           inputs and outputs
        -- What issues and trade-offs are should be
           considered to improve overall system efficiency
           and effectiveness
    - Output:
        -- Resource displays and analysis
        -- Program issues
        -- Analytic methodology improvement recommendations

o Crisis Warning and Management
    - Focus on current intelligence and the dynamic interaction
      between intelligence/decision/action/reaction in
      the crisis context at the NSC level
        -- The point being crisis avoidance/escalation
           control
    - Questions:
        -- How does the "system" actually work?--how well?
        -- What does technology offer that is applicable?
        -- What is the role of the IC in warning and crisis?
    - Output:
        -- "Maps" of the system to educate the players
        -- Proposals to change the structure
        -- Program issues
        -- Methodology Improvement recommendations